

# TAIFLEX SCIENTIFIC CO., LTD.

## MINUTES OF 2017 SHAREHOLDERS' MEETING

Time: 9:00 a.m., Friday, May 26, 2017

Venue: No.1, Huanqu 3rd Rd., Kaohsiung Export Processing Zone, Kaohsiung City, Taiwan, R.O.C.

Quorum: 136,043,960 shares were represented by the shareholders and proxies present, which amounted to 66.00% of issued and outstanding shares (after deducting treasury stocks of 2,318,000 shares) .

Directors present: Sun Ta-Wen, Chun-Yen Chiang, Fu-Le Lin

Independent Director presents: Po-Hsun Chen

Supervisor presents: Jui-Chang Lin

Presents: Accountant Li Fang-Wun

Chairman: Sun Ta-Wen chairman

Recorder: Yi Han-Lin

### **I. CHAIRMAN'S OPENING (Omitted)**

### **II. Report Items**

1. Appropriation of remuneration to directors and supervisors and compensation to employees in 2016 (Please refer to Meeting Agenda)
2. Business report for 2016 (Please refer to Meeting Agenda)
3. Supervisors' review report on the 2016 financial statements, please see Attachment I.
4. Amendments to the Rules of Procedure for the Board of Directors' Meetings, please see Attachment II.
5. Amendments to Code of Ethical Conduct, please see Attachment III.
6. Amendments to Principles of Business Ethics, please see Attachment IV.
7. Amendments to Amendments to Principles of Business Ethics, please see Attachment V.

### **III. Ratification Items**

1. 2016 financial statements were submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

- (1) The 2016 business report and consolidated and parent company only financial statements were audited by Certified Public Accountants of Ernst & Young, Li Fang-Wun and Lin Hong-Guang, and reviewed by supervisors.
- (2) Please refer to Attachment VI.
- (3) Please accept the above-mentioned financial statements.

Resolution:

Voting Results:

Voting Results*	% of the total represented share present
Votes in favor: 130,760,833 votes (38,108,889 votes)	96.57%
Votes against: 4,075 votes (4,075 votes)	0.00%
Votes abstained: 4,635,293 votes	3.42%
Votes invalid: None	N/A

\* including votes casted electronically (numbers in brackets)

RESOLVED, that the 2016 Financial Statements be and hereby were accepted as submitted.

2. The distribution of 2016 earnings was submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

- (1) The earnings available for distribution of NT\$ 2,503,367,749 is calculated by adding unappropriated earnings from previous year of NT\$ 2,041,485,984 to net income for 2016 of NT\$ 579,678,363, appropriating 10% for legal capital reserve (i.e. NT\$ 57,967,836) and deducting the remeasurement of defined benefit plan transferred to retained earnings directly of NT\$ 59,828,762.
- (2) Dividends to shareholders:  
Each common share holder will be entitled to receive a cash dividend of NT\$ 2 per share and the overall cash dividend amounts to NT\$ 412,254,384. Earnings available for distribution of NT\$ 2,091,113,365, net of dividends, will be retained for distribution in later years. Earnings from 2016 will be distributed first. Cash dividends to be paid are rounded to the nearest dollar. Dividends to individual shareholder of fractional dollar amount are transferred to the Employee Welfare Committee of the Company
- (3) The earning distribution plan is calculated based on the number of outstanding shares as of the date on which the proposal is approved in the Board meeting. If the number of outstanding shares changes due to exercise of employee stock options for common shares, capital increase by cash, purchase of the Company's shares, or transfer or cancellation of treasury stocks and the dividend payout ratio is affected, the Chairperson is authorized to adjust the cash dividend to be distributed to each share based on the total amount of cash resolved to be distributed and the actual number of outstanding shares on the record date for distribution.
- (4) When the conditions for this earning distribution are changed due to the changes in laws or decisions of regulators, the Chairperson is authorized to take all necessary measures.
- (5) The 2016 earning distribution table is as follows:

**Taiflex Scientific Co., Ltd.**  
**2016 Earning Distribution Table**

(In New Taiwan Dollars)

Item	Subtotal	Total	Note
Unappropriated earnings, beginning balance		2,041,485,984	
Add: net income of 2016	579,678,363		
Less: legal capital reserve (Note1)	(57,967,836)		
Less: other comprehensive income (remeasurement of defined benefit plan) (Note 2)	(59,828,762)		
Distributable earnings		2,503,367,749	
Distribution items: (Note 3)			
Cash dividends to shareholders	412,254,384		Cash dividend of NT\$ 2 per share.
Total distributed earnings		(412,254,384)	
Unappropriated earnings, ending balance		2,091,113,365	

Chairperson: Ta-Wen Sun    General Manager: Chun-Yen Chiang    Accounting Manager: Fang-Yi Xie

(Note 1) The amount and percentage of legal capital reserve is calculated as follows:

$$579,678,363 * 10\% = 57,967,836.$$

(Note 2) The remeasurement of defined benefit plan under IAS 19 is transferred to retained earnings directly instead of to profit or loss account.

(Note 3) The distribution item above is calculated pursuant to the Articles of Incorporation. The amount and percentage is calculated as follows:

$$\text{Dividends to shareholders: Cash dividend of NT\$ 2 per share} * (208,445,192 \text{ shares} - \text{treasury stocks of } 2,318,000 \text{ shares}) = \text{NT\$ } 412,254,384.$$

(6) Please accept the distribution of 2016 earnings.

Resolution:

Voting Results:

Voting Results*	% of the total represented share present
Votes in favor: 130,760,830 votes (38,108,886 votes)	96.57%
Votes against: 4,078 votes (4,078 votes)	0.00%
Votes abstained: 4,635,293 votes	3.42%
Votes invalid: None	N/A

\* including votes casted electronically (numbers in brackets)

RESOLVED, that distribution of 2016 earnings be and hereby were accepted as submitted.

#### IV. Discussion Items

1. The amendments to Articles of Incorporation were submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

- (1) For the operations of an audit committee, some articles within the Articles of Incorporation are amended.
- (2) Please refer to Attachment VII.
- (3) The draft amendment is submitted for discussion and approval.

Resolution:

Voting Results:

Voting Results*	% of the total represented share present
Votes in favor: 130,760,801 votes (38,108,857 votes)	96.19%
Votes against: 4,107 votes (4,107 votes)	0.00%
Votes abstained: 5,171,340 votes	3.80%
Votes invalid: None	N/A

\* including votes casted electronically (numbers in brackets)

RESOLVED, that amendments to Articles of Incorporation be and hereby were approved as submitted.

2. The amendments to Rules of Procedure for Shareholders' Meeting were submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

- (1) For the establishment and operations of an audit committee, some articles within the

Rules of Procedure for Shareholders' Meeting are amended.

(2) Please refer to Attachment VIII.

(3) The draft amendment is submitted for discussion and approval.

Resolution:

Voting Results:

Voting Results*	% of the total represented share present
Votes in favor: 130,760,800votes (38,108,856 votes)	96.19%
Votes against: 4,108 votes (4,108 votes)	0.00%
Votes abstained: 5,171,340 votes	3.80%
Votes invalid: None	N/A

\* including votes casted electronically (numbers in brackets)

RESOLVED, that amendments to Rules of Procedure for Shareholders' Meeting be and hereby were approved as submitted.

3. The amendments to Director and Supervisor Election Procedures were submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

(1) For the establishment and operations of an audit committee, the Director and Supervisor Election Procedures is renamed Director Election Procedures and some articles within are amended.

(2) Please refer to Attachment IX.

(3) The draft amendment is submitted for discussion and approval.

Resolution:

Voting Results:

Voting Results*	% of the total represented share present
Votes in favor: 130,760,800votes (38,108,856 votes)	96.19%
Votes against: 4,108 votes (4,108 votes)	0.00%
Votes abstained: 5,171,340 votes	3.80%
Votes invalid: None	N/A

\* including votes casted electronically (numbers in brackets)

RESOLVED, that amendments to Director and Supervisor Election Procedures be and hereby were approved as submitted.

4. The amendments to Procedures for Acquisition or Disposal of Assets were submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

- (1) For the establishment and operations of an audit committee, some articles within the Procedures for Acquisition or Disposal of Assets are amended.
- (2) Please refer to Attachment X.
- (3) The draft amendment is submitted for discussion and approval.

Resolution:

Voting Results:

Voting Results*	% of the total represented share present
Votes in favor: 130,760,797votes (38,108,853 votes)	96.19%
Votes against: 4,111 votes (4,111 votes)	0.00%
Votes abstained: 5,171,340 votes	3.80%
Votes invalid: None	N/A

\* including votes casted electronically (numbers in brackets)

RESOLVED, that amendments to Procedures for Acquisition or Disposal of Assets be and hereby were approved as submitted.

5. The amendments to Procedures for Endorsement and Guarantee were submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

- (1) For the establishment and operations of an audit committee, some articles within the Procedures for Endorsement and Guarantee are amended.
- (2) Please refer to Attachment XI.
- (3) The draft amendment is submitted for discussion and approval.

Resolution:

Voting Results:

Voting Results*	% of the total represented share present
Votes in favor: 130,760,799votes (38,108,855 votes)	96.19%
Votes against: 4,109 votes (4,109 votes)	0.00%
Votes abstained: 5,171,340 votes	3.80%
Votes invalid: None	N/A

\* including votes casted electronically (numbers in brackets)

RESOLVED, that amendments to Procedures for Endorsement and Guarantee be and hereby were approved as submitted.

6. The amendments to Procedures for Lending Funds to Other Parties were submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

- (1) For the establishment and operations of an audit committee, some articles within the Procedures for Lending Funds to Other Parties are amended.
- (2) Please refer to Attachment XII.
- (3) The draft amendment is submitted for discussion and approval.

Resolution:

Voting Results:

Voting Results*		% of the total represented share present
Votes in favor:	130,760,799votes (38,108,855 votes)	96.19%
Votes against:	4,109 votes (4,109 votes)	0.00%
Votes abstained:	5,171,340 votes	3.80%
Votes invalid:	None	N/A

\* including votes casted electronically (numbers in brackets)

RESOLVED, that amendments to Procedures for Lending Funds to Other Parties be and hereby were approved as submitted.

## V. Election Items

1. Election of all Directors (Proposed by the Board of Directors)

Explanation:

- (1) The 7th term of directors and supervisors of the Company expires on June 23, 2017. Pursuant to Article 195 of the Company Act, an election shall be held to elect new directors.
- (2) The Company proposes to establish an audit committee in compliance with the Securities and Exchange Act to replace the supervisor system. The audit committee shall consist of all independent directors and the number of committee members shall not be fewer than three. After the amendments to the Articles of Incorporation have been resolved by the shareholders' meeting, the audit committee would be established pursuant to relevant laws.
- (3) In compliance with the Articles of Incorporation, the Company shall elect nine directors (including three independent directors) to serve a term of three years. Their tenure starts

once they are elected. The tenure of newly elected directors commences on May 26, 2017 and expires on May 25, 2020. Directors are eligible for re-election.

- (4) In compliance with the Articles of Incorporation, the election of directors adopts the candidate nomination system. Please refer to Attachment XIII.
- (5) Please hold the election.

Resolution:

Election Result:

Type of Candidates	Shareholder's account No. /ID	Candidates Name	Votes Received
Director	113	Qiao Mei Development Corporation Representative: Ta-Wen Sun	131,706,270
Director	467	Ching-Yi Chang	127,789,363
Director	113	Qiao Mei Development Corporation Representative: Jun-Yan Jiang	127,481,515
Director	60326	Fiu Ding Trust & Investment Co., Ltd Representative: Jui-Chang Lin	125,962,033
Director	T120*****	Chun-Chi, Lin	125,895,028
Director	1	Fu-Le Lin	124,943,397
Independent Director	D101*****	Chein-Ming, Hsu	124,670,227
Independent Director	K121*****	Wen-I Lo	124,661,107
Independent Director	Q100*****	Shi-Chern Yen	124,606,239

## VI. Other Proposed Resolutions

1. To release the new directors from non-compete restrictions were submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

- (1) Article 209 of the Company Act stipulates that a director, who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval.
- (2) In compliance with Article 209 of the Company Act, it is proposed to release the new directors and their representatives from the non-compete restrictions (during the tenure of May 26, 2017 to May 25, 2020).
- (3) Please refer to Attachment XIV.
- (4) The proposal is submitted for discussion and approval.



Resolution:

Voting Results:

Voting Results*	% of the total represented share present
Votes in favor: 130,544,835votes (37,892,891 votes)	96.03%
Votes against: 9,122 votes (9,122 votes)	0.00%
Votes abstained: 5,382,291 votes	3.80%
Votes invalid: None	N/A

\* including votes casted electronically (numbers in brackets)

RESOLVED, that release of the new directors from non-compete restrictions be and hereby were approved as submitted.

**VII. Extempore Motions: None.**

**VIII. Meeting Adjourned: 9:49 a.m. that day**

## **Attachment I Supervisors' review report on the 2016 financial statements**

### Supervisors' Review Report

The Board of Directors has prepared the business report, parent company only and consolidated financial statements and earning distribution for the year ended December 31, 2016. Certified Public Accountants of Ernst & Young, Li Fang-Wun and Lin Hong-Guang, were retained by the Board to audit the parent company only and consolidated financial statements and they have issued an audit report.

The above-mentioned business report, parent company only and consolidated financial statements and earning distribution have been reviewed and determined to be in compliance with the Company Act and other relevant laws and regulations by the supervisors. We hereby submit this report in accordance with Article 219 of the Company Act.

To: Taiflex Scientific Co., Ltd. 2017 Annual Shareholders' Meeting

Supervisor: Chuan-Sheng Kao

Supervisor: Pai-Chun Wu

Supervisor: Fiu Ding Trust & Investment Co., Ltd.

Representative: Jui-Chang Lin

February 23, 2017

## Attachment II Comparison Table of Amendments to Rules of Procedure for the Board of Directors' Meetings

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 3	<p>The board meetings shall be held at least once quarterly. The notice indicating the reasons for convening the board meetings shall be given to all directors <u>and supervisors</u> in writing, by e-mail or fax seven days before the meeting. In case of emergency, the meeting notice can be given in writing, by e-mail or fax at a shorter period of time.</p> <p>All matters specified in Paragraph 1 of Article 7 of the Rules shall be itemized in the reasons for convening the board meetings; none of them may be raised as an extempore motion except for emergency or legitimate reasons.</p>	<p>The board meetings shall be held at least once quarterly. The notice indicating the reasons for convening the board meetings shall be given to all directors in writing, by e-mail or fax seven days before the meeting. In case of emergency, the meeting notice can be given in writing, by e-mail or fax at a shorter period of time.</p> <p>All matters specified in Paragraph 1 of Article 7 of the Rules shall be itemized in the reasons for convening the board meetings; none of them may be raised as an extempore motion except for emergency or legitimate reasons.</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>
Article 17	<p>The resolutions of every board meeting shall be recorded in the meeting minutes. The meeting minutes shall accurately record the following items:</p> <ol style="list-style-type: none"> <li>1. The term (or year), time and place of the meeting</li> <li>2. Name of the chairperson</li> <li>3. The attendance situation of the directors, including the names and numbers of those who are present, on leave, and absent;</li> <li>4. Names and positions of attendants</li> <li>5. Name of the recorder</li> <li>6. Report items</li> <li>7. Discussion items: The voting method and result of each proposed</li> </ol>	<p>The resolutions of every board meeting shall be recorded in the meeting minutes. The meeting minutes shall accurately record the following items:</p> <ol style="list-style-type: none"> <li>1. The term (or year), time and place of the meeting</li> <li>2. Name of the chairperson</li> <li>3. The attendance situation of the directors, including the names and numbers of those who are present, on leave, and absent;</li> <li>4. Names and positions of attendants</li> <li>5. Name of the recorder</li> <li>6. Report items</li> <li>7. Discussion items: The voting method and result of each proposed</li> </ol>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities. As the Company has established an audit committee, the provision stating that resolutions of the board</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>resolution; speech summary of directors, <u>supervisors</u>, experts and other persons; name of director having a personal interest pursuant to the first paragraph of preceding Article; description of major aspects of the interest; the reasons for recusal or non-recusal; the circumstances of recusal; objections or reservations which are on the record or in writing; and written statements submitted by independent directors pursuant to Paragraph 4 of Article 7.</p> <p>8. Extempore motion: Name of proposer; the voting method and result of each proposed resolution; speech summary of directors, <u>supervisors</u>, experts and other persons; name of director having a personal interest pursuant to the first paragraph of preceding Article; description of major aspects of the interest; the reasons for recusal or non-recusal; the circumstance of recusal; and objection or reservation which are on the record or in writing.</p> <p>9. Other items that shall be recorded If the independent director has objection or reservation on the record or in writing, besides being clearly specified in the meeting minutes, the resolved items of the board meetings shall be announced and filed at the information filing</p>	<p>resolution; speech summary of directors, experts and other persons; name of director having a personal interest pursuant to the first paragraph of preceding Article; description of major aspects of the interest; the reasons for recusal or non-recusal; the circumstances of recusal; objections or reservations which are on the record or in writing; and written statements submitted by independent directors pursuant to Paragraph 4 of Article 7.</p> <p>8. Extempore motion: Name of proposer; the voting method and result of each proposed resolution; speech summary of directors, experts and other persons; name of director having a personal interest pursuant to the first paragraph of preceding Article; description of major aspects of the interest; the reasons for recusal or non-recusal; the circumstance of recusal; and objection or reservation which are on the record or in writing.</p> <p>9. Other items that shall be recorded If the independent director has objection or reservation on the record or in writing or <u>two-thirds of the total number of directors have approved when the majority of audit committee members does not approve</u>, besides being clearly specified in the meeting minutes, the resolved items of the board meetings</p>	<p>meetings that are approved by two-thirds of the total number of directors but not the committee shall be specified in the meeting minutes, and announced and filed at the information filing website designated by the competent authority is added pursuant to Paragraph 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>website designated by the competent authority within two days from the date of board meetings.</p> <p>The signing booklet of the board meeting is a part of the meeting minutes and shall be retained throughout the life of the Company.</p> <p>The meeting minutes shall be signed and chopped by the chairperson and the recorder of the meeting and distributed to all directors <u>and supervisors</u> within twenty days after meeting. It shall be classified as the Company's important file and retained throughout the life of the Company. The meeting minutes indicated in the first paragraph of this Article may be prepared and distributed in electronic form.</p>	<p>shall be announced and filed at the information filing website designated by the competent authority within two days from the date of board meetings.</p> <p>The signing booklet of the board meeting is a part of the meeting minutes and shall be retained throughout the life of the Company.</p> <p>The meeting minutes shall be signed and chopped by the chairperson and the recorder of the meeting and distributed to all directors within twenty days after meeting. It shall be classified as the Company's important file and retained throughout the life of the Company.</p> <p>The meeting minutes indicated in the first paragraph of this Article may be prepared and distributed in electronic form.</p>	
Article 20	<p>The Rules were established on March 7, 2003 and took effect after being approved by the board of directors. It was proposed at the shareholders' meeting of that year.</p> <p>The first amendment to the Rules was approved by the board of directors on February 27, 2004 and proposed at the shareholders' meeting of that year.</p> <p>The second amendment to the Rules took effect after being approved by the board of directors on December 13, 2006. It was then proposed at the shareholders' meeting in the following year.</p> <p>The third amendment to the Rules took</p>	<p>The Rules were established on March 7, 2003 and took effect after being approved by the board of directors. It was proposed at the shareholders' meeting of that year.</p> <p>The first amendment to the Rules was approved by the board of directors on February 27, 2004 and proposed at the shareholders' meeting of that year.</p> <p>The second amendment to the Rules took effect after being approved by the board of directors on December 13, 2006. It was then proposed at the shareholders' meeting in the following year.</p> <p>The third amendment to the Rules took</p>	To add the amendment date.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>effect after being approved by the board of directors on March 18, 2008. It was then proposed at the shareholders' meeting.</p> <p>The fourth amendment to the Rules took effect after being approved by the board of directors on February 25, 2010. It was then proposed at the shareholders' meeting.</p> <p>The fifth amendment to the Rules took effect after being approved by the board of directors on October 24, 2012.</p> <p>The sixth amendment to the Rules took effect after being approved by the board of directors on July 28, 2015.</p>	<p>effect after being approved by the board of directors on March 18, 2008. It was then proposed at the shareholders' meeting.</p> <p>The fourth amendment to the Rules took effect after being approved by the board of directors on February 25, 2010. It was then proposed at the shareholders' meeting.</p> <p>The fifth amendment to the Rules took effect after being approved by the board of directors on October 24, 2012.</p> <p>The sixth amendment to the Rules took effect after being approved by the board of directors on July 28, 2015.</p> <p><u>The seventh amendment to the Rules took effect after being approved by the board of directors on February 23, 2017. It was then proposed at the shareholders' meeting.</u></p>	

### Attachment III Comparison Table of Amendments to Code of Ethical Conduct

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 1	<p><b>Purpose</b></p> <p>The Code of Ethical Conduct (hereinafter referred to as the Code) is served as a guidance for the Company’s directors, <u>supervisors</u> and management team (including general manager, assistant general manager, director or personnel of equivalent ranks; heads of finance and accounting departments; and other personnel delegated with managerial responsibilities and signatory authority) and all other employees in complying with ethical practices and for stakeholders to understand the Company’s standard of ethics.</p>	<p><b>Purpose</b></p> <p>The Code of Ethical Conduct (hereinafter referred to as the Code) is served as a guidance for the Company’s directors and management team (including general manager, assistant general manager, director or personnel of equivalent ranks; heads of finance and accounting departments; and other personnel delegated with managerial responsibilities and signatory authority) and all other employees in complying with ethical practices and for stakeholders to understand the Company’s standard of ethics.</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>
Article 2	<p>(Omitted)</p> <p>(7) Encourage the reporting of illegal or unethical behavior:</p> <p>The Company shall raise awareness of ethical standards and encourage employees to report suspected or observed violation of laws and regulations or the Code to <u>supervisors</u>, management team, head of internal audit department or any other appropriate personnel of the Company. To encourage the reporting of misconduct, we have established relevant mechanism. The Company shall establish an explicit whistleblowing system and let employees know that we would</p>	<p>(Omitted)</p> <p>(7) Encourage the reporting of illegal or unethical behavior:</p> <p>The Company shall raise awareness of ethical standards and encourage employees to report suspected or observed violation of laws and regulations or the Code to <u>the audit committee</u>, management team, head of internal audit department or any other appropriate personnel of the Company. To encourage the reporting of misconduct, we have established relevant mechanism. The Company shall establish an explicit whistleblowing system and let employees know that we would</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>do our best to protect whistleblowers against retaliation.</p> <p>(8) Disciplinary measures: Where directors, <u>supervisors</u> or managers violate the Code, the Company shall handle the matter in accordance with the disciplinary measures defined in the Code. Details of the violation shall promptly be released at the Market Observation Post System (hereinafter referred to as MOPS), including the date of violation, particulars of the violation, code violated and disciplinary measures taken. The Company also establish a complaint system for violators to file appeals.</p>	<p>do our best to protect whistleblowers against retaliation.</p> <p>(8) Disciplinary measures: Where directors or managers violate the Code, the Company shall handle the matter in accordance with the disciplinary measures defined in the Code. Details of the violation shall promptly be released at the Market Observation Post System (hereinafter referred to as MOPS), including the date of violation, particulars of the violation, code violated and disciplinary measures taken. The Company <u>shall</u> also establish a complaint system for violators to file appeals.</p>	
Article 3	<p><b>Procedures for waiver</b></p> <p>Any waiver of the Code granted by the Company to directors, <u>supervisors</u> or managers shall be approved by the board of directors. Details of the waiver, including the title and name of the person entitled to the waiver, date of board resolution, objections or reservations expressed by the independent directors, duration of waiver and reason and standards used for granting the waiver, shall be promptly disclosed at the MOPS. The disclosure aims to help shareholders in evaluating the appropriateness of the board resolution to forestall any arbitrary or dubious waiver, and to safeguard the interests of the Company by ensuring there is controlling</p>	<p><b>Procedures for waiver</b></p> <p>Any waiver of the Code granted by the Company to directors or managers shall be approved by the board of directors. Details of the waiver, including the title and name of the person entitled to the waiver, date of board resolution, objections or reservations expressed by the independent directors, duration of waiver and reason and standards used for granting the waiver, shall be promptly disclosed at the MOPS. The disclosure aims to help shareholders in evaluating the appropriateness of the board resolution to forestall any arbitrary or dubious waiver, and to safeguard the interests of the Company by ensuring there is controlling mechanism in place to monitor the</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>



Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	mechanism in place to monitor the granting of waiver.	granting of waiver.	
Article 5	<p><b>Implementation</b></p> <p>The Code, and any amendment thereof, took effect after being approved by the board of directors and the shareholders' meeting.</p> <p>The Code was approved on February 27, 2013.</p> <p>First amendment: The Code was approved on February 26, 2015.</p>	<p><b>Implementation</b></p> <p>The Code, and any amendment thereof, took effect after being approved by the board of directors and the shareholders' meeting.</p> <p>The Code was approved on February 27, 2013.</p> <p>First amendment: The Code was approved on February 26, 2015.</p> <p><u>Second amendment: The Code was approved on February 23, 2017.</u></p>	To add the amendment date.

### Attachment IV Comparison Table of Amendments to Principles of Business Ethics

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
<b>Article 1</b>	<p><b>Purpose, scope and applicability</b></p> <p>1. The Company and its controlled affiliates conduct business based on the principles of fairness, honesty, trustworthiness and transparency. To thoroughly implement the policy of business ethics and actively prevent misconduct, we established the Principles of Business Ethics (hereinafter referred to as the Principles) pursuant to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. The Principles aim to outline the norms of business conduct that personnel of the Company shall follow.</p> <p>2. The Principles also apply to group enterprises and organizations, such as subsidiaries of the Company; any juristic institutions in which the Company contributes, directly or indirectly, over 50 percent of the</p>	<p><b>Purpose, scope and applicability</b></p> <p>1. The Company and its controlled affiliates conduct business based on the principles of fairness, honesty, trustworthiness and transparency. To thoroughly implement the policy of business ethics and actively prevent misconduct, we established the Principles of Business Ethics (hereinafter referred to as the Principles) pursuant to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. The Principles aim to outline the norms of business conduct that personnel of the Company shall follow.</p> <p>2. The Principles also apply to group enterprises and organizations, such as subsidiaries of the Company; any juristic institutions in which the Company contributes, directly or indirectly, over 50 percent of the</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>funds in total; and institutions or juristic persons substantially controlled by the Company.</p> <p>3. Applicability: “Personnel of the Company” in the Principles refers to directors, <u>supervisors</u>, managers, employees, mandataries and persons having substantial control in the Company and its group enterprises and organizations.</p> <p>Any provision, promise, request, or acceptance of money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, hospitality, entertainment, or any other benefit in any form or name by personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.</p>	<p>funds in total; and institutions or juristic persons substantially controlled by the Company.</p> <p>3. Applicability: “Personnel of the Company” in the Principles refers to directors, managers, employees, mandataries and persons having substantial control in the Company and its group enterprises and organizations.</p> <p>Any provision, promise, request, or acceptance of money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, hospitality, entertainment, or any other benefit in any form or name by personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.</p>	
Article 10	<p><b>Prohibition against offering and acceptance of bribes</b></p> <p>During the course of business, the Company and its directors, <u>supervisors</u>, managers, employees, mandataries and persons having substantial control shall not, directly or indirectly, provide, promise, request or accept any forms of improper benefits, including rebate, commission and facilitating payment. Neither shall they, through other means, provide or accept any improper benefits to or from customers, agents, contractors, suppliers, public officials, or other stakeholders, unless the conduct does not violate any laws and regulations in the jurisdiction where the Company operates.</p>	<p><b>Prohibition against offering and acceptance of bribes</b></p> <p>During the course of business, the Company and its directors, managers, employees, mandataries and persons having substantial control shall not, directly or indirectly, provide, promise, request or accept any forms of improper benefits, including rebate, commission and facilitating payment. Neither shall they, through other means, provide or accept any improper benefits to or from customers, agents, contractors, suppliers, public officials, or other stakeholders, unless the conduct does not violate any laws and regulations in the jurisdiction where the Company operates.</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 11	<p><b>Prohibition against offering of illegal political contribution</b></p> <p>The direct or indirect offering of donations to political parties or organizations or individuals participating in political activities by the Company and its directors, <u>supervisors</u>, managers, employees, mandataries and persons having substantial control shall comply with the Political Donations Act and relevant internal operating procedures of the Company. Such donations shall not be used to gain any commercial benefits or trading advantages improperly.</p>	<p><b>Prohibition against offering of illegal political contribution</b></p> <p>The direct or indirect offering of donations to political parties or organizations or individuals participating in political activities by the Company and its directors, managers, employees, mandataries and persons having substantial control shall comply with the Political Donations Act and relevant internal operating procedures of the Company. Such donations shall not be used to gain any commercial benefits or trading advantages improperly.</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>
Article 12	<p><b>Prohibition against improper charitable donations or sponsorship</b></p> <p>Provision of charitable donations or sponsorship by the Company and its directors, <u>supervisors</u>, managers, employees, mandataries and persons having substantial control shall comply with relevant laws and regulations and internal operating procedures. Those shall not be bribes in disguise.</p>	<p><b>Prohibition against improper charitable donations or sponsorship</b></p> <p>Provision of charitable donations or sponsorship by the Company and its directors, managers, employees, mandataries and persons having substantial control shall comply with relevant laws and regulations and internal operating procedures. Those shall not be bribes in disguise.</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>
Article 13	<p><b>Prohibition against unreasonable gifts, hospitality or other improper benefits</b></p> <p>The Company and its directors, <u>supervisors</u>, managers, employees, mandataries and persons having substantial control shall not, directly or indirectly, provide or accept any unreasonable gifts, hospitality or other improper benefits in order to establish business relationships or influence business dealings.</p>	<p><b>Prohibition against unreasonable gifts, hospitality or other improper benefits</b></p> <p>The Company and its directors, managers, employees, mandataries and persons having substantial control shall not, directly or indirectly, provide or accept any unreasonable gifts, hospitality or other improper benefits in order to establish business relationships or influence business dealings.</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 14	<p><b>Prohibition against infringement of intellectual property rights</b></p> <p>The Company and its directors, <u>supervisors</u>, managers, employees, mandataries and persons having substantial control shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property. They may not use, disclose, dispose, destroy or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.</p>	<p><b>Prohibition against infringement of intellectual property rights</b></p> <p>The Company and its directors, managers, employees, mandataries and persons having substantial control shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property. They may not use, disclose, dispose, destroy or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>
Article 16	<p><b>Actions taken to prevent products and services from jeopardizing stakeholders</b></p> <p>During the process of research and development, procurement, manufacture, rendering or sale of products and services, the Company and its directors, <u>supervisors</u>, managers, employees, mandataries and persons having substantial control shall observe general business practices (or applicable laws and regulations and international standards) to ensure the transparency of information about, and safety of, the products and services, without violating the confidentiality policy. The Company is advised to formulate and announce its policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in its operations to prevent the products and services from, directly or indirectly, maliciously and gravely jeopardize the</p>	<p><b>Actions taken to prevent products and services from jeopardizing stakeholders</b></p> <p>During the process of research and development, procurement, manufacture, rendering or sale of products and services, the Company and its directors, managers, employees, mandataries and persons having substantial control shall observe general business practices (or applicable laws and regulations and international standards) to ensure the transparency of information about, and safety of, the products and services, without violating the confidentiality policy. The Company is advised to formulate and announce its policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in its operations to prevent the products and services from, directly or indirectly, maliciously and gravely jeopardize the</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	rights, health and safety of consumers or other stakeholders. Where there are sufficient evidence indicating the Company's products or services are likely to maliciously and gravely jeopardize the rights, health and safety of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.	rights, health and safety of consumers or other stakeholders. Where there are sufficient evidence indicating the Company's products or services are likely to maliciously and gravely jeopardize the rights, health and safety of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.	
Article 17	<p><b>Organization and responsibility</b></p> <p>The Company’s directors, <u>supervisors</u>, managers, employees, mandataries and persons having substantial control owes a duty of care to monitor the Company’s preventive measures regarding misconduct. They shall constantly review the results and continuously improve the measures to ensure the policies of business ethics are thoroughly implemented. To achieve a sound management of business ethics, a dedicated unit reporting directly to the board shall be established. The administration division is in charge of formulating and monitoring the execution of ethics policies and preventive actions and shall communicate to the board of directors whenever they deem necessary. It primarily manages the following matters:</p> <p>1. To assist in incorporating ethics and moral values into the company's business strategy and formulating prevention actions pursuant to laws and regulations to ensure ethical</p>	<p><b>Organization and responsibility</b></p> <p>The Company’s directors, managers, employees, mandataries and persons having substantial control owes a duty of care to monitor the Company’s preventive measures regarding misconduct. They shall constantly review the results and continuously improve the measures to ensure the policies of business ethics are thoroughly implemented. To achieve a sound management of business ethics, a dedicated unit reporting directly to the board shall be established. The administration division is in charge of formulating and monitoring the execution of ethics policies and preventive actions and shall communicate to the board of directors whenever they deem necessary. It primarily manages the following matters:</p> <p>1. To assist in incorporating ethics and moral values into the company's business strategy and formulating prevention actions pursuant to laws and regulations to</p>	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>management.</p> <p>2. To establish programs to prevent unethical conduct and set out relevant standard operating procedures and conduct guidelines in each program.</p> <p>3. To plan the internal organization, structure, and allocation of responsibilities and adopt check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. To promote and coordinate awareness and training activities on ethics policy.</p> <p>5. To develop a whistleblowing system and ensure its operating effectiveness.</p> <p>6. To assist the board of directors and management in auditing and assessing whether the prevention actions taken for the purpose of implementing ethical management are effective, and prepare reports on compliance assessment when necessary.</p>	<p>ensure ethical management.</p> <p>2. To establish programs to prevent unethical conduct and set out relevant standard operating procedures and conduct guidelines in each program.</p> <p>3. To plan the internal organization, structure, and allocation of responsibilities and adopt check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. To promote and coordinate awareness and training activities on ethics policy.</p> <p>5. To develop a whistleblowing system and ensure its operating effectiveness.</p> <p>6. To assist the board of directors and management in auditing and assessing whether the prevention actions taken for the purpose of implementing ethical management are effective, and prepare reports on compliance assessment when necessary.</p>	
Article 18	<p><b>Legal compliance for business activities</b></p> <p>The Company and its directors, <u>supervisors</u>, managers, employees, mandataries and persons having substantial control shall comply with laws and regulations and preventive actions during the course of business.</p>	<p><b>Legal compliance for business activities</b></p> <p>The Company and its directors, managers, employees, mandataries and persons having substantial control shall comply with laws and regulations and preventive actions during the course of business.</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
			responsibilities.
Article 19	<p><b>Prevention of conflicts of interest of directors, <u>supervisors</u> and managers</b></p> <p>The Company shall adopt policies preventing conflicts of interest in order to identify, monitor and manage possible unethical conducts thereof. It shall also provide appropriate channels for directors, <u>supervisors</u>, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company. For agenda items of which the Company’s directors, <u>supervisors</u>, managers, and other stakeholders attending or present at board meetings, or the juridical persons they represented, have a personal interest, they shall state the key aspects of the interest in the meeting. If the interest may prejudice the interest of the Company, the persons concerned can present their opinions and answer relevant questions; however, they shall not participate in the discussion and voting of those items and shall recuse themselves from those sessions. They shall not stand proxy for other directors to exercise the voting right on those items. Directors shall also exercise self-discipline among themselves and</p>	<p><b>Prevention of conflicts of interest of directors and managers</b></p> <p>The Company shall adopt policies preventing conflicts of interest in order to identify, monitor and manage possible unethical conducts thereof. It shall also provide appropriate channels for directors, managers and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company. For agenda items of which the Company’s directors, managers and other stakeholders attending or present at board meetings, or the juridical persons they represented, have a personal interest, they shall state the key aspects of the interest in the meeting. If the interest may prejudice the interest of the Company, the persons concerned can present their opinions and answer relevant questions; however, they shall not participate in the discussion and voting of those items and shall recuse themselves from those sessions. They shall not stand proxy for other directors to exercise the voting right on those items. Directors shall also exercise self-discipline among themselves and</p>	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.



Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>avoid collusion. The Company’s directors, <u>supervisors</u>, managers, employees, mandataries and persons having substantial control shall not take advantage of their positions or influence to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	<p>avoid collusion. The Company’s directors, managers, employees, mandataries and persons having substantial control shall not take advantage of their positions or influence to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	
Article 21	<p><b>Operating procedures and guidelines</b> Preventive actions established pursuant to Article 6 outline the operating procedures and guidelines that the directors, <u>supervisors</u>, managers, employees and persons having substantial control of the Company shall follow when performing their duties. Those actions include the following items:</p> <ol style="list-style-type: none"> <li>1. Standards for determining whether improper benefits have been offered or accepted.</li> <li>2. Procedures for offering legitimate political donations.</li> <li>3. Procedures and the standard rates for offering proper charitable donations or sponsorship.</li> <li>4. Rules for avoiding work-related conflicts of interests and relevant reporting and handling procedures.</li> <li>5. Rules for maintaining the confidentiality of trade secrets and sensitive business information obtained in the ordinary course of business.</li> <li>6. Regulations and procedures for dealing with suppliers, customers and business counterparties</li> </ol>	<p><b>Operating procedures and guidelines</b> Preventive actions established pursuant to Article 6 outline the operating procedures and guidelines that the directors, managers, employees and persons having substantial control of the Company shall follow when performing their duties. Those actions include the following items:</p> <ol style="list-style-type: none"> <li>1. Standards for determining whether improper benefits have been offered or accepted.</li> <li>2. Procedures for offering legitimate political donations.</li> <li>3. Procedures and the standard rates for offering proper charitable donations or sponsorship.</li> <li>4. Rules for avoiding work-related conflicts of interests and relevant reporting and handling procedures.</li> <li>5. Rules for maintaining the confidentiality of trade secrets and sensitive business information obtained in the ordinary course of business.</li> <li>6. Regulations and procedures for dealing with suppliers, customers and business counterparties suspected of unethical conduct.</li> </ol>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>suspected of unethical conduct.</p> <p>7. Procedures for dealing with violations of the Principles.</p> <p>8. Disciplinary measures against violators.</p>	<p>7. Procedures for dealing with violations of the Principles.</p> <p>8. Disciplinary measures against violators.</p>	
Article 22	<p><b>Training and performance evaluation</b></p> <p>The Chairperson, General Manager or senior management of the Company shall convey the importance of ethics to the directors, employees and mandataries whenever they deem necessary. The Company shall organize training and awareness programs for its directors, <u>supervisors</u>, managers, employees, mandataries and persons having substantial control and invite business counterparties to participate in order for them to fully comprehend the Company’s determination, policies and preventive actions regarding business ethics and the consequences of misconduct. The Company includes business ethics as part of the employee</p>	<p><b>Training and performance evaluation</b></p> <p>The Chairperson, General Manager or senior management of the Company shall convey the importance of ethics to the directors, employees and mandataries whenever they deem necessary. The Company shall organize training and awareness programs for its directors, managers, employees, mandataries and persons having substantial control and invite business counterparties to participate in order for them to fully comprehend the Company’s determination, policies and preventive actions regarding business ethics and the consequences of misconduct. The Company includes business ethics as part of the employee</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	performance evaluations and human resources policies and establishes a clear and effective reward and discipline system.	performance evaluations and human resources policies and establishes a clear and effective reward and discipline system.	
Article 23	<p><b>Reporting and disciplinary measures</b></p> <p>The Company shall establish an explicit whistleblowing system and duly implement it. The system shall include at least the following items:</p> <ol style="list-style-type: none"> <li>1. To create and announce an internal, independent whistleblowing mailbox or hotline, or commission external independent institutions to provide the same, for internal and external personnel of the Company.</li> <li>2. To appoint a dedicated whistleblowing personnel or unit. Misconducts involving directors or senior management shall be reported to the independent directors <u>or supervisors</u>. The type of misconduct and relevant investigation standard operation procedures shall also be established.</li> <li>3. Documentation and retention of case acceptance, investigation processes, investigation results, and relevant documents.</li> <li>4. To keep the whistleblower’s identification and reported misconduct confidential.</li> <li>5. To establish measures to protect whistleblowers from retaliation.</li> <li>6. Incentive scheme for the whistleblower</li> </ol> <p>When material misconduct or likelihood of material impairment to the Company</p>	<p><b>Reporting and disciplinary measures</b></p> <p>The Company shall establish an explicit whistleblowing system and duly implement it. The system shall include at least the following items:</p> <ol style="list-style-type: none"> <li>1. To create and announce an internal, independent whistleblowing mailbox or hotline, or commission external independent institutions to provide the same, for internal and external personnel of the Company.</li> <li>2. To appoint a dedicated whistleblowing personnel or unit. Misconducts involving directors or senior management shall be reported to the independent directors. The type of misconduct and relevant investigation standard operation procedures shall also be established.</li> <li>3. Documentation and retention of case acceptance, investigation processes, investigation results, and relevant documents.</li> <li>4. To keep the whistleblower’s identification and reported misconduct confidential.</li> <li>5. To establish measures to protect whistleblowers from retaliation.</li> <li>6. Incentive scheme for the whistleblower</li> </ol> <p>When material misconduct or likelihood of material impairment to the Company is identified upon investigation, the</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	is identified upon investigation, the dedicated whistleblowing personnel or unit shall immediately notify the independent directors <u>or supervisors</u> with a written report. The Company shall explicitly stipulate and announce the penalty and complaint system for violation of business ethics. Details of the misconduct will promptly be released on the Company’s internal website, including the title and name of the violator, the date of violation, particulars of the violation, and disciplinary measures taken.	dedicated whistleblowing personnel or unit shall immediately notify the independent directors with a written report. The Company shall explicitly stipulate and announce the penalty and complaint system for violation of business ethics. Details of the misconduct will promptly be released on the Company’s internal website, including the title and name of the violator, the date of violation, particulars of the violation, and disciplinary measures taken.	
Article 25	<p><b>Review and amendment of the Principles</b></p> <p>The Company shall monitor the development of local and international regulations concerning business ethics and encourage directors, <u>supervisors</u>, managers and employees to make suggestions in order to review and refine the Principles and its promotion measures, and consequently enhance the effectiveness of business ethics.</p>	<p><b>Review and amendment of the Principles</b></p> <p>The Company shall monitor the development of local and international regulations concerning business ethics and encourage directors, managers and employees to make suggestions in order to review and refine the Principles and its promotion measures, and consequently enhance the effectiveness of business ethics.</p>	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.
Article 26	<p><b>Implementation</b></p> <p>The Principles, and any amendment thereto, took effect after being approved by the board of directors and the shareholders’ meeting. When the Principles are submitted at the board meetings for discussion in accordance with the abovementioned rules, the opinions of all independent directors shall be fully taken into consideration. Any objection or reservation which the independent directors may have shall be</p>	<p><b>Implementation</b></p> <p>The Principles, and any amendment thereto, took effect after being approved by the board of directors and the shareholders’ meeting. When the Principles are submitted at the board meetings for discussion in accordance with the abovementioned rules, the opinions of all independent directors shall be fully taken into consideration. Any objection or reservation which the independent directors may have shall be</p>	To add the amendment date.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>recorded in the board meetings minutes. If the independent directors are unable to attend the meeting in person to express their objections or reservations, they shall submit written statements in advance to be recorded in the meeting minutes of board meetings, except for legitimate reasons.</p> <p>The Code was approved on February 27, 2013.</p> <p>First amendment: The Code was approved on February 26, 2015.</p>	<p>recorded in the board meetings minutes. If the independent directors are unable to attend the meeting in person to express their objections or reservations, they shall submit written statements in advance to be recorded in the meeting minutes of board meetings, except for legitimate reasons.</p> <p>The Code was approved on February 27, 2013.</p> <p>First amendment: The Code was approved on February 26, 2015.</p> <p><u>Second amendment: The Code was approved on February 23, 2017.</u></p>	

**Attachment V Comparison Table of Amendments to Procedures and Guidelines of Business Ethics**

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 11	<p>For agenda items of which the Company’s directors, <u>supervisors</u>, managers and other stakeholders attending or present at Board Meetings, or the juridical persons they represented, have a personal interest, they shall disclose the major aspects of such personal interest at the current Board Meeting. If the interest may impair the interest of the Company, the persons concerned shall not participate in the discussion and voting of those items and shall recuse themselves from those sessions. They shall not stand proxy for other directors to exercise the voting right on those items. Directors shall also exercise self-discipline among themselves and avoid collusion.</p> <p>In the course of business, when the Company’s personnel discover themselves or the juridical persons they represented have conflicts of interest, or improper benefits may be received by themselves, their spouses, parents, children or any other stakeholders, they shall report the incident to their immediate supervisors and the dedicated unit. The immediate supervisors shall provide appropriate guidance.</p> <p>Personnel of the Company cannot use company resources in external business activities nor shall their work performance be influenced by their participation in those activities.</p>	<p>For agenda items of which the Company’s directors, managers and other stakeholders attending or present at Board Meetings, or the juridical persons they represented, have a personal interest, they shall disclose the major aspects of such personal interest at the current Board Meeting. If the interest may impair the interest of the Company, the persons concerned shall not participate in the discussion and voting of those items and shall recuse themselves from those sessions. They shall not stand proxy for other directors to exercise the voting right on those items. Directors shall also exercise self-discipline among themselves and avoid collusion.</p> <p>In the course of business, when the Company’s personnel discover themselves or the juridical persons they represented have conflicts of interest, or improper benefits may be received by themselves, their spouses, parents, children or any other stakeholders, they shall report the incident to their immediate supervisors and the dedicated unit. The immediate supervisors shall provide appropriate guidance.</p> <p>Personnel of the Company cannot use company resources in external business activities nor shall their work performance be influenced by their participation in those activities.</p>	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.
Article 21	<p>The Company encourages internal and external parties to report unethical behaviors or misconducts. Based on the degree of misconduct, whistleblowers could receive a citation of merit pursuant to the Company’s reward and discipline policy. Internal personnel making false accusation or malicious claims will be disciplined. Serious offense can lead to termination of employment.</p> <p>The Company shall create and announce an internal, independent whistleblowing</p>	<p>The Company encourages internal and external parties to report unethical behaviors or misconducts. Based on the degree of misconduct, whistleblowers could receive a citation of merit pursuant to the Company’s reward and discipline policy. Internal personnel making false accusation or malicious claims will be disciplined. Serious offense can lead to termination of employment.</p> <p>The Company shall create and announce an internal, independent whistleblowing</p>	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>mailbox or hotline, or commission external independent institutions to provide the same, for internal and external personnel of the Company.</p> <p>The whistleblower shall provide at least the following information:</p> <ol style="list-style-type: none"> <li>1. the name and identification number of the whistleblower, and an address, phone number and e-mail where he/she can be contacted.</li> <li>2. the alleged wrongdoer's name or other information sufficient to distinguish his/her identity.</li> <li>3. Specific facts to be investigated.</li> </ol> <p>Personnel handling the complaints shall give written statements to keep the identity of whistleblower and particulars of the complaints confidential. The Company is also committed to protect the whistleblower from retaliation. The dedicated unit shall follow the procedures below:</p> <ol style="list-style-type: none"> <li>1. Complaints involving employees without ranks shall be reported to the department heads. Complaints involving directors or senior managers shall be reported to the independent directors <u>or supervisors</u>.</li> <li>2. The dedicated unit and the personnel and management being reported to in the preceding subparagraph shall verify the facts immediately. Where necessary, assistance from legal compliance and other relevant departments can be provided.</li> <li>3. If the alleged wrongdoer is found guilty of violating relevant laws and regulations or the Company's business ethics policies, the Company shall immediately demand the wrongdoer to stop the wrongdoing and adopt appropriate measures. Where necessary, the Company can take legal actions to seek damages in order to protect its reputation, interests and rights.</li> <li>4. Written records of complaint acceptance, investigation and</li> </ol>	<p>mailbox or hotline, or commission external independent institutions to provide the same, for internal and external personnel of the Company.</p> <p>The whistleblower shall provide at least the following information:</p> <ol style="list-style-type: none"> <li>1. the name and identification number of the whistleblower, and an address, phone number and e-mail where he/she can be contacted.</li> <li>2. the alleged wrongdoer's name or other information sufficient to distinguish his/her identity.</li> <li>3. Specific facts to be investigated.</li> </ol> <p>Personnel handling the complaints shall give written statements to keep the identity of whistleblower and particulars of the complaints confidential. The Company is also committed to protect the whistleblower from retaliation. The dedicated unit shall follow the procedures below:</p> <ol style="list-style-type: none"> <li>1. Complaints involving employees without ranks shall be reported to the department heads. Complaints involving directors or senior managers shall be reported to the independent directors.</li> <li>2. The dedicated unit and the personnel and management being reported to in the preceding subparagraph shall verify the facts immediately. Where necessary, assistance from legal compliance and other relevant departments can be provided.</li> <li>3. If the alleged wrongdoer is found guilty of violating relevant laws and regulations or the Company's business ethics policies, the Company shall immediately demand the wrongdoer to stop the wrongdoing and adopt appropriate measures. Where necessary, the Company can take legal actions to seek damages in order to protect its reputation, interests and rights.</li> <li>4. Written records of complaint acceptance, investigation and</li> </ol>	

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>outcome shall be retained for five years. Documents can be kept in electronic form. If a complaint was taken to the court before the retention period expires, relevant documents shall be retained until the litigation is over.</p> <p>5. If the alleged wrongdoer is found guilty, Company's units involved shall review the internal control system and procedures, and propose improvement measures to prevent the re-occurrence of similar events.</p> <p>6. The dedicated unit shall report the complaint, measures taken, subsequent reviews and improvement scheme to the Board.</p>	<p>outcome shall be retained for five years. Documents can be kept in electronic form. If a complaint was taken to the court before the retention period expires, relevant documents shall be retained until the litigation is over.</p> <p>5. If the alleged wrongdoer is found guilty, Company's units involved shall review the internal control system and procedures, and propose improvement measures to prevent the re-occurrence of similar events.</p> <p>6. The dedicated unit shall report the complaint, measures taken, subsequent reviews and improvement scheme to the Board.</p>	
Article 24	The Procedures and Guidelines, and any amendment thereto, took effect after being approved by the Board of Directors and the shareholders' meeting. The Procedures and Guidelines was approved on February 26, 2015.	The Procedures and Guidelines, and any amendment thereto, took effect after being approved by the Board of Directors and the shareholders' meeting. The Procedures and Guidelines was approved on February 26, 2015. <u>Second amendment: The Procedures and Guidelines was approved on February 23, 2017.</u>	To add the amendment date.

## Attachment VI Financial Statements

### TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES

#### CONSOLIDATED BALANCE SHEETS

December 31, 2016 and 2015

(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2016	December 31, 2015
<b>Current assets</b>			
Cash and cash equivalents	4, 6(1)	\$ 2,982,208	\$ 2,729,235



Financial assets at fair value through profit or loss, current	4, 6(2)	36,007	19,300
Notes receivable, net	4, 6(3)	1,542,759	858,370
Accounts receivable, net	4, 6(4)	2,797,975	3,647,625
Other receivables		47,260	242,562
Inventories, net	4, 6(5)	1,132,399	1,116,052
Prepayments		101,573	75,357
Other current assets	8	43,676	168,108
Total current assets		<u>8,683,857</u>	<u>8,856,609</u>
<b>Non-current assets</b>			
Financial assets carried at cost, non-current	4, 6(6)	-	-
Investments accounted for under the equity method	4, 6(7)	-	-
Property, plant and equipment	4, 6(8)	2,789,520	2,694,435
Intangible assets	4, 6(9)	113,598	119,480
Deferred income tax assets	4, 6(21)	129,825	125,309
Other non-current assets	4, 6(10)	80,854	82,874
Total non-current assets		<u>3,113,797</u>	<u>3,022,098</u>
<b>Total assets</b>		<u>\$ 11,797,654</u>	<u>\$ 11,878,707</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS-(Continued)

December 31, 2016 and 2015

(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2016	December 31, 2015
<b>Current liabilities</b>			
Short-term loans	6(12)	\$ 939,783	\$ 881,178
Notes payable		177,893	51,896
Accounts payable		2,133,276	1,901,621
Other payables		560,381	624,655
Current income tax liabilities	4, 6(21)	84,828	96,804
Current portion of long-term loans	6(14)	27,372	303,561
Other current liabilities		15,899	6,317
Total current liabilities		<u>3,939,432</u>	<u>3,866,032</u>
<b>Non-current liabilities</b>			
Long-term loans	6(14)	743,426	888,173
Deferred income tax liabilities	4, 6(21)	159,115	194,169
Net defined benefit liabilities, non-current	4, 6(15)	190,276	111,009
Other non-current liabilities	4, 12	46	47
Total non-current liabilities		<u>1,092,863</u>	<u>1,193,398</u>
Total liabilities		<u>5,032,295</u>	<u>5,059,430</u>
<b>Equity attributable to shareholders of the parent</b>			
Capital	6(16)		
Common stock		2,083,252	2,042,858
Capital surplus	6(16)	1,407,558	1,447,952
Retained earnings			
Legal capital reserve		684,163	611,177
Special capital reserve		102,158	102,158
Unappropriated earnings		2,561,335	2,518,408
Total retained earnings		<u>3,347,656</u>	<u>3,231,743</u>
Others	4	(74,673)	61,375
Treasury stock	6(16)	(98,744)	(98,744)
Total equity attributable to shareholders of the parent		<u>6,665,049</u>	<u>6,685,184</u>
Non-controlling interests	4, 6(16)	100,310	134,093
Total equity		<u>6,765,359</u>	<u>6,819,277</u>
<b>Total liabilities and equity</b>		<u>\$ 11,797,654</u>	<u>\$ 11,878,707</u>

(Concluded)

(The accompanying notes are an integral part of the consolidated financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2016 and 2015

(In Thousands of New Taiwan Dollars)

	Note	2016	2015
Net revenue	4,	\$	\$
Cost of revenue	4, 6(5),	<u>(8,388,233)</u>	<u>(8,103,053)</u>
Gross profit		<u>1,895,746</u>	<u>2,164,815</u>
Unrealized sales profit or loss			(95)
Realized sales profit or loss			
Gross profit, net		<u>1,895,651</u>	<u>2,164,720</u>
Operating expenses	4,		
Sales and marketing expenses		(383,184)	(497,436)
General and administrative expenses		(340,322)	(399,605)
Research and development expenses		<u>(217,559)</u>	<u>(218,559)</u>
Total operating expenses		<u>(941,065)</u>	<u>(1,115,600)</u>
Operating income		<u>954,586</u>	<u>1,049,120</u>
Non-operating income and expenses	6(20)		
Other income		25,257	44,983
Other gains and losses		(203,996)	(152,161)
Finance costs		(92,449)	(68,999)
Share of profit or loss of associates under the equity method	4, 6(7)		<u>(5,673)</u>
Total non-operating income and expenses		<u>(271,188)</u>	<u>(181,850)</u>
Income before income tax		683,398	867,270
Income tax expense	4,	<u>(136,788)</u>	<u>(159,962)</u>
Net income of continuing operations		<u>546,610</u>	<u>707,308</u>
Net income		<u>546,610</u>	<u>707,308</u>
Other comprehensive income (loss)	6(20)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation		(72,083)	(22,995)
Income tax benefit (expense) related to components of other		12,254	3,909
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(164,774)	(23,246)
Income tax benefit (expense) related to components of other		<u>28,011</u>	<u>3,951</u>
Total other comprehensive income, net of tax		<u>(196,592)</u>	<u>(38,381)</u>
Total comprehensive income		<u>\$</u>	<u>\$</u>
Net income (loss) attributable to:	4,	\$	\$
Shareholders of the parent		<u>(33,068)</u>	<u>(22,548)</u>
Non-controlling interests		<u>\$</u>	<u>\$</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME-(Continued)

For the Years Ended December 31, 2016 and 2015

(In Thousands of New Taiwan Dollars)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Total comprehensive income (loss) attributable to:		\$ 383,801	\$ 691,601
Shareholders of the parent		(33,783)	(22,674)
Non-controlling interests		<u>\$ 350,018</u>	<u>\$ 668,927</u>
Earnings per share (NT\$)	4, 6(22)		
Earnings per share - basic		<u>\$ 2.81</u>	<u>\$ 3.54</u>
Earnings per share - diluted		<u>\$ 2.79</u>	<u>\$ 3.51</u>

(Concluded)

(The accompanying notes are an integral part of the consolidated financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended December 31, 2016 and 2015  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent										
	Common	Capital	Capital	Retained Earnings			Others		Total	Non-Controlling	Total Equity
				Legal	Special	Unappropriated	Exchange	Treasury			
Balance as of January 1, 2015	\$ 2,042,608	\$ 70	\$ 1,447,619	\$ 522,935	\$ 102,158	\$ 2,501,729	\$ 80,544	\$ (98,744)	\$ 6,598,919	\$ 156,767	\$ 6,755,686
Appropriation and distribution of 2014 earnings											
Legal capital reserve				88,242		(88,242)			-		-
Cash dividends for common shares						(605,849)			(605,849)		(605,849)
Changes in other capital surplus											
Share-based payment	250	(70)	333						513		513
Net income for the year ended December 31, 2015						729,856			729,856	(22,548)	707,308
Other comprehensive income (loss) for the year						(19,086)	(19,169)		(38,255)	(126)	(38,381)
Total comprehensive income	-	-	-	-	-	710,770	(19,169)	-	691,601	(22,674)	668,927
Balance as of December 31, 2015						2,518,408		(98,744)			
Appropriation and distribution of 2015 earnings											
Legal capital reserve				72,986		(72,986)			-		-
Cash dividends for common shares						(403,936)			(403,936)		(403,936)
Changes in other capital surplus											
Stock dividends from capital surplus	40,394		(40,394)						-		-
Net income for the year ended December 31, 2016						579,678			579,678	(33,068)	546,610
Other comprehensive income (loss) for the year						(59,829)	(136,048)		(195,877)	(715)	(196,592)
Total comprehensive income	-	-	-	-	-	519,849	(136,048)	-	383,801	(33,783)	350,018
Balance as of December 31, 2016	<u>\$ 2,083,252</u>	<u>\$ -</u>	<u>\$ 1,407,558</u>	<u>\$ 684,163</u>	<u>\$ 102,158</u>	<u>\$ 2,561,335</u>	<u>\$ (74,673)</u>	<u>\$ (98,744)</u>	<u>\$ 6,665,049</u>	<u>\$ 100,310</u>	<u>\$ 6,765,359</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2016 and 2015  
(In Thousands of New Taiwan Dollars)

	2016	2015
Cash flows from operating activities:		
Income before income tax	\$ 683,398	\$ 867,270
Adjustments:		
Non-cash income and expense items:		
Depreciation	267,893	265,557
Amortization	34,547	38,901
(Gain on reversal of) bad debt expense	(100,440)	31,230
Net gain of financial assets (liabilities) at fair value through profit or loss	(25,515)	(5,937)
Interest expense	92,449	68,999
Interest income	(19,619)	(28,117)
Share of (profit) loss of associates under the equity method	-	5,673
Gain on disposal of property, plant and equipment	(26)	(190)
Impairment loss on non-financial assets	8,686	-
Gain on reversal of impairment loss for non-financial assets	-	(5,461)
Others	12,959	(68,105)
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	8,808	2,678
(Increase) decrease in notes receivable	(684,389)	31,129
Decrease in accounts receivable	891,119	181,105
Decrease (increase) in other receivables	258,091	(131,679)
Increase in inventories	(29,306)	(121,530)
(Increase) decrease in prepayments	(26,216)	37,061
Decrease (increase) in other current assets	15,623	(11,627)
Increase in other non-current assets	(8,530)	(2,232)
Increase (decrease) in notes payable	125,997	(153,843)
Increase in accounts payable	231,655	261,462
Decrease in other payables	(39,683)	(25,936)
Increase (decrease) in other current liabilities	9,582	(9,682)
Increase in net defined benefit liabilities	7,185	6,540
Decrease in other non-current liabilities	(1)	(19)
Cash generated from operations	<u>1,714,267</u>	<u>1,233,247</u>
Interest received	21,446	26,547
Interest paid	(91,792)	(71,513)
Income tax paid	<u>(148,069)</u>	<u>(217,240)</u>
Net cash generated by operating activities	<u>1,495,852</u>	<u>971,041</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)  
For the Years Ended December 31, 2016 and 2015  
(In Thousands of New Taiwan Dollars)

	2016	2015
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(451,875)	(487,898)
Disposal of property, plant and equipment	832	1,614
Increase in refundable deposits	(6,595)	-
Decrease in refundable deposits	-	23,424
Acquisition of intangible assets	(18,751)	(9,286)
Increase in other current assets - other financial assets,	-	(87,480)
Decrease in other current assets - other financial assets,	109,799	-
Net cash used in investing activities	(366,590)	(559,626)
 Cash flows from financing activities:		
Increase in short-term loans	58,605	-
Decrease in short-term loans	-	(337,794)
Repayment of long-term loans	(420,936)	(132,574)
Distribution of cash dividends	(403,936)	(605,849)
Exercise of employee stock options	-	513
Net cash used in financing activities	(766,267)	(1,075,704)
 Effect of exchange rate changes on cash and cash	(110,022)	(12,921)
Net increase (decrease) in cash and cash equivalents	252,973	(677,210)
Cash and cash equivalents at beginning of period	2,729,235	3,406,445
Cash and cash equivalents at end of period	\$ 2,982,208	\$ 2,729,235

(Concluded)

(The accompanying notes are an integral part of the consolidated financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2016 and 2015  
(In Thousands of New Taiwan Dollars)

<u>Assets</u>	<u>Notes</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<b>Current assets</b>			
Cash and cash equivalents	4, 6(1)	\$ 2,574,444	\$ 2,223,777
Financial assets at fair value through profit	4, 6(2)	22,802	19,300
Notes receivable, net	4, 6(3)	7,344	11,797
Accounts receivable, net	4, 6(4)	407,495	670,834
Accounts receivable – related parties	6(4), 7		
Other receivables		38,926	121,529
Other receivables – related parties	7		1,552,485
Inventories, net	4, 6(5)	520,989	609,307
Prepayments		27,536	18,831
Other current assets	8	<u>23,776</u>	<u>37,283</u>
Total current assets		<u>5,312,441</u>	<u>6,309,771</u>
<b>Non-current assets</b>			
Financial assets carried at cost, non-current	4, 6(6)		
Investments accounted for under the equity	4, 6(7)		
Property, plant and equipment	4, 6(8)		
Intangible assets	4, 6(9)	36,897	32,560
Deferred income tax assets	4, 6(20)	126,425	121,598
Prepayments for investments			
Other non-current assets	4, 6(10)	<u>11,248</u>	<u>9,635</u>
Total non-current assets		<u>4,179,550</u>	<u>4,112,741</u>
 <b>Total assets</b>		 <u>\$ 9,491,991</u>	 <u>\$ 10,422,512</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

(Continued)



TAIFLEX SCIENTIFIC COMPANY LIMITED  
PARENT COMPANY ONLY BALANCE SHEETS-(Continued)

December 31, 2016 and 2015

(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2016	December 31, 2015
<b>Current liabilities</b>			
Short-term loans	6(11)	\$ 4,287	\$ 98,367
Financial liabilities at fair value through profit or loss, current	4, 6(12)	-	-
Accounts payable		1,342,665	1,757,623
Accounts payable – related parties	7	15,327	107,567
Other payables		482,576	499,931
Other payables – related parties		5,680	-
Current income tax liabilities	4, 6(20)	83,657	85,894
Current portion of long-term loans		-	281,061
Other current liabilities		2,038	2,912
Total current liabilities		<u>1,936,230</u>	<u>2,833,355</u>
<b>Non-current liabilities</b>			
Long-term loans	6(13)	541,321	599,297
Deferred income tax liabilities	4, 6(20)	159,115	193,667
Net defined benefit liabilities, non-current	4, 6(14)	190,276	111,009
Total non-current liabilities		<u>890,712</u>	<u>903,973</u>
Total liabilities		<u>2,826,942</u>	<u>3,737,328</u>
<b>Equity</b>			
Capital	6(15)		
Common stock		2,083,252	2,042,858
Capital surplus	6(15)	1,407,558	1,447,952
Retained earnings			
Legal capital reserve		684,163	611,177
Special capital reserve		102,158	102,158
Unappropriated earnings		2,561,335	2,518,408
Total retained earnings		<u>3,347,656</u>	<u>3,231,743</u>
Others	4	(74,673)	61,375
Treasury stock		(98,744)	(98,744)
Total equity		<u>6,665,049</u>	<u>6,685,184</u>
<b>Total liabilities and equity</b>		<u>\$ 9,491,991</u>	<u>\$ 10,422,512</u>

(Concluded)

(The accompanying notes are an integral part of the parent company only financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
For the Years Ended December 31, 2016 and 2015  
(In Thousands of New Taiwan Dollars)

	Notes	2016	2015
Net revenue	4, 6(17), 7	\$ 6,712,397	\$ 6,528,844
Cost of revenue	4, 6(5), 6(18), 7	<u>(5,407,622)</u>	<u>(5,018,175)</u>
Gross profit		<u>1,304,775</u>	<u>1,510,669</u>
Unrealized sales profit or loss			(541)
Realized sales profit or loss			
Gross profit, net		<u>1,307,674</u>	<u>1,510,128</u>
Operating expenses	4, 6(18)		
Sales and marketing expenses		(179,888)	(257,058)
General and administrative expenses		(220,384)	(273,820)
Research and development expenses		<u>(197,110)</u>	<u>(193,531)</u>
Total operating expenses		<u>(597,382)</u>	<u>(724,409)</u>
Operating income		<u>710,292</u>	<u>785,719</u>
Non-operating income and expenses	6(19)		
Other income		155,718	253,444
Other gains and losses		(122,424)	(95,956)
Finance costs		(20,825)	(27,756)
Share of profit or loss of subsidiaries and	4, 6(7)	<u>316</u>	<u>(39,098)</u>
Total non-operating income and expenses		<u>12,785</u>	<u>90,634</u>
Income before income tax		723,077	876,353
Income tax expense	4, 6(20)	<u>(143,399)</u>	<u>(146,497)</u>
Net income of continuing operations		<u>579,678</u>	<u>729,856</u>
Net income		<u>579,678</u>	<u>729,856</u>
Other comprehensive income (loss)	6(19)		
Items that will not be reclassified subsequently to			
Remeasurement of defined benefit obligation		(72,083)	(22,995)
Income tax benefit (expense) related to		12,254	3,909
Items that may be reclassified subsequently to			
Exchange differences on translation of		(163,913)	(23,095)
Income tax benefit (expense) related to	6(20)	<u>27,865</u>	<u>3,926</u>
Total other comprehensive income, net of tax		<u>(195,877)</u>	<u>(38,255)</u>
Total comprehensive income		<u>\$ 383,801</u>	<u>\$ 691,601</u>
Earnings per share (NT\$)	4, 6(21)		
Earnings per share - basic		<u>\$ 2.81</u>	<u>\$ 3.54</u>
Earnings per share - diluted		<u>\$ 2.79</u>	<u>\$ 3.51</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended December 31, 2016 and 2015  
(In Thousands of New Taiwan Dollars)

	Common	Capital	Capital	Retained Earnings			Others	Treasury	Total Equity
				Legal	Special	Unappropriated	Exchange		
Balance as of January 1, 2015	\$ 2,042,608	\$ 70	\$ 1,447,619	\$ 522,935	\$ 102,158	\$ 2,501,729	\$ 80,544	\$ (98,744)	\$ 6,598,919
Appropriation and distribution of 2014 earnings									
Legal capital reserve				88,242		( 88,242)			-
Cash dividends for common stocks						(605,849)			(605,849)
Changes in other capital surplus									
Share-based payment	250	(70)	333						513
Net income for the year ended December 31, 2015						729,856			729,856
Other comprehensive income (loss) for the year ended						(19,086)	(19,169)		(38,255)
Total comprehensive income	-	-	-	-	-	710,770	(19,169)	-	691,601
Balance as of December 31, 2015		-				2,518,408			
Appropriation and distribution of 2015 earnings									
Legal capital reserve				72,986		(72,986)			-
Cash dividends for common stocks						(403,936)			(403,936)
Changes in other capital surplus									
Stock dividends from capital surplus	40,394	-	(40,394)						-
Net income for the year ended December 31, 2016						579,678			579,678
Other comprehensive income (loss) for the year ended						(59,829)	(136,048)		(195,877)
Total comprehensive income	-	-	-	-	-	519,849	(136,048)	-	383,801
Balance as of December 31, 2016	\$ 2,083,252	\$ -	\$ 1,407,558	\$ 684,163	\$ 102,158	\$ 2,561,335	\$ (74,673)	\$ (98,744)	\$ 6,665,049

(The accompanying notes are an integral part of the parent company only financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2016 and 2015  
(In Thousands of New Taiwan Dollars)

	2016	2015
Cash flows from operating activities:		
Income before income tax	\$ 723,077	\$ 876,353
Adjustments:		
Non-cash income and expense items:		
Depreciation	153,254	143,703
Amortization	12,131	10,061
(Gain on reversal of) bad debt expense	(100,660)	8,752
Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	9,834	(4,417)
Interest expense	20,825	27,756
Interest income	(19,296)	(52,991)
Share of (profit) loss of subsidiaries and associates under the	(316)	39,098
Gain on disposal of property, plant and equipment	-	(86)
Others	8,899	(53,976)
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets at fair value through profit	(13,336)	1,158
Decrease (increase) in notes receivable	4,453	(1,456)
Decrease in accounts receivable	299,383	699,461
Increase in accounts receivable – related parties	(67,240)	(235,394)
Decrease (increase) in other receivables	145,392	(46,508)
Decrease in other receivables – related parties	975,224	138,467
Decrease (increase) in inventories	79,419	(56,954)
(Increase) decrease in prepayments	(8,705)	17,200
Decrease (increase) in other current assets	13,538	(15,882)
(Decrease) increase in accounts payable	(414,958)	233,135
Decrease in accounts payable – related parties	(92,240)	(366,513)
Increase (decrease) in other payables	6,476	(40,882)
Increase in other payables – related parties	5,680	-
Decrease in other current liabilities	(9,353)	(18,277)
Increase in net defined benefit liabilities	7,185	6,540
Cash generated from operations	<u>1,738,666</u>	<u>1,308,348</u>
Interest received	21,122	51,421
Interest paid	(21,218)	(27,737)
Income tax paid	<u>(144,895)</u>	<u>(204,124)</u>
Net cash generated by operating activities	<u>1,593,675</u>	<u>1,127,908</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS-(Continued)  
For the Years Ended December 31, 2016 and 2015  
(In Thousands of New Taiwan Dollars)

	2016	2015
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity	-	(126,394)
Increase in prepayments for investments	-	(16,260)
Acquisition of property, plant and equipment	(387,843)	(441,778)
Disposal of property, plant and equipment	-	230
Increase in refundable deposits	(1,613)	(4,331)
Acquisition of intangible assets	(16,468)	(14,705)
Increase in other current assets - other financial assets, current	(31)	-
Decrease in other current assets - other financial assets, current	-	31,403
Net cash used in investing activities	<u>(405,955)</u>	<u>(571,835)</u>
Cash flows from financing activities:		
Decrease in short-term loans	(94,080)	(172,186)
Repayment of long-term loans	(339,037)	(118,792)
Distribution of cash dividends	(403,936)	(605,849)
Exercise of employee stock options	-	513
Net cash used in financing activities	<u>(837,053)</u>	<u>(896,314)</u>
Net increase (decrease) in cash and cash equivalents	350,667	(340,241)
Cash and cash equivalents at beginning of period	<u>2,223,777</u>	<u>2,564,018</u>
Cash and cash equivalents at end of period	<u>\$ 2,223,777</u>	<u>\$ 2,223,777</u>

(Concluded)

(The accompanying notes are an integral part of the parent company only financial statements.)

## Attachment VII Comparison Table of Amendments to Articles of Incorporation

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Chapter IV	Directors, <u>supervisors</u> and Managers	Directors and Managers	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.
Article 16	The Company shall have seven to eleven directors <u>and three supervisors</u> who are elected from the shareholders with legal capacity to serve a term of three years. According to relevant laws and regulations, the directors <u>and supervisors</u> may be eligible for re-election. The Company shall purchase liability insurances for compensation which the directors <u>and supervisors</u> shall assume within scope of practice during the term upon resolution of the Board of Directors’ meeting.	The Company shall have seven to eleven directors who are elected from the shareholders with legal capacity to serve a term of three years. According to relevant laws and regulations, the directors may be eligible for re-election. The Company shall purchase liability insurances for compensation which the directors shall assume within scope of practice during the term upon resolution of the Board of Directors’ meeting.	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.
Article 16-1	The number of independent directors within the number of directors in the preceding article shall not be less than <u>two nor</u> one-fifth of the total number of directors. The Company adopts the candidate nomination system described in Article 192-1 of the Company Act. Directors (including independent directors) <u>and supervisors</u> of the Company shall be elected from the respective candidates of directors (including independent directors) <u>and supervisors</u> nominated at the shareholders’ meeting. The professional qualification, shareholding, concurrent serving restrictions, nomination and election methods of independent directors and other compliance issues shall be subject to the relevant regulations stipulated by the competent securities authority. Each share has the same number of voting rights as the number of directors <u>and supervisors</u> to be elected. The voting rights may all go to one candidate or be allocated to several	The number of independent directors within the number of directors in the preceding article <u>shall be three at least and</u> shall not be less than one-fifth of the total number of directors. The Company adopts the candidate nomination system described in Article 192-1 of the Company Act. Directors (including independent directors) of the Company shall be elected from the respective candidates of directors (including independent directors) nominated at the shareholders’ meeting. The professional qualification, shareholding, concurrent serving restrictions, nomination and election methods of independent directors and other compliance issues shall be subject to the relevant regulations stipulated by the competent securities authority. Each share has the same number of voting rights as the number of directors to be elected. The voting rights may all go to one candidate or be allocated to several candidates. The candidates with more voting rights shall be elected as	Pursuant to Article 14-4 of the Securities and Exchange Act, the audit committee shall consist of all independent directors and the number of committee members shall not be fewer than three. Therefore, the number of independent directors is amended to be at least three.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>candidates. The candidates with more voting rights shall be elected as directors <u>and supervisors</u>. The election for independent and non-independent directors shall be held at the same time, but the numbers to be elected shall be calculated separately.</p>	<p>directors. The election for independent and non-independent directors shall be held at the same time, but the numbers to be elected shall be calculated separately.</p>	
<p>Article 16-2</p>		<p><u>The Company establishes an audit committee in compliance with Article 14-4 of the Securities and Exchange Act. The audit committee shall consist of all independent directors and the number of committee members shall not be fewer than three. One of the members shall be the convener and at least one of them shall have accounting or financial expertise.</u>  <u>The provisions regarding supervisors in the Company Act, Securities and Exchange Act, and other laws and regulations shall apply mutatis mutandis to the audit committee.</u></p>	<p>Due to the establishment of an audit committee to carry out supervisors' responsibilities, the article is added based on Article 14-4 of the Securities and Exchange Act.</p>
<p>Article 19</p>	<p>Unless otherwise stipulated in the Company Act, the Board of Directors' meeting shall be convened by the Chairperson. All directors <u>and supervisors</u> shall be notified of the meeting seven days in advance via mail, e-mail or fax. In case of emergency, the Board meeting can be convened via mail, e-mail or fax at a shorter period.</p>	<p>Unless otherwise stipulated in the Company Act, the Board of Directors' meeting shall be convened by the Chairperson. All directors shall be notified of the meeting seven days in advance via mail, e-mail or fax. In case of emergency, the Board meeting can be convened via mail, e-mail or fax at a shorter period.</p>	<p>The term "supervisor" is removed due to the establishment of an audit committee to carry out supervisors' responsibilities.</p>
<p>Article 21</p>	<p><u>The duties and responsibilities of supervisors are as follows:</u></p> <ol style="list-style-type: none"> <li>1. <u>Review and audit the financial conditions of the Company</u></li> <li>2. <u>Review and audit the accounting statements, books and documents</u></li> <li>3. <u>Investigate the business operation of the Company</u></li> <li>4. <u>Audit the budget and final accounts</u></li> <li>5. <u>Review and audit the profit distribution or deficit compensation proposal</u></li> <li>6. <u>Perform other duties and responsibilities stipulated by the Company Act.</u></li> </ol>	<p><u>The Company establishes an audit committee in compliance with Article 14-4 of the Securities and Exchange Act (Act). The following items shall be approved by the majority of all audit committee members and submitted to the Board of Directors for resolutions without being subject to Article 14-3 of the Act:</u></p> <ol style="list-style-type: none"> <li>1. <u>Adoption or amendment of the internal control system pursuant to Article 14-1 of the Act.</u></li> <li>2. <u>Assessment of the effectiveness of the internal control system.</u></li> <li>3. <u>Adoption or amendment of procedures for material financial or business transactions, such as acquisition or disposal of assets, financial derivatives transactions,</u></li> </ol>	<p>The duties and responsibilities of supervisors are replaced with ones for the audit committee under Article 14-5 of the Securities and Exchange Act as the committee is established to carry out supervisors' responsibilities.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
		<p><u>lending funds to other parties, and endorsement and guarantee, pursuant to Article 36-1 of the Act.</u></p> <p>4. <u>A matter of which the Director has a personal interest</u></p> <p>5. <u>A significant asset or derivatives transaction.</u></p> <p>6. <u>A significant fund lending, endorsement, or guarantee transaction.</u></p> <p>7. <u>Offering, issuance, or private placement of any equity-type securities.</u></p> <p>8. <u>Appointment, discharge or compensation of certified public accountants.</u></p> <p>9. <u>Appointment or discharge of a financial, accounting, or internal audit officer.</u></p> <p>10. <u>Annual and semi-annual financial reports.</u></p> <p>11. <u>Other material matter so required by the Company or the competent authority.</u></p> <p><u>Except for Subparagraph 10, all items in the preceding paragraph may be undertaken upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve, without being subject to the restrictions in the preceding paragraph. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board of Directors' meeting.</u></p> <p><u>Paragraph 1 of Article 36 of the Act where financial reports shall be recognized by supervisors is not applicable to The Company.</u></p> <p><u>The terms "All audit committee members" in Paragraph 1 and "total number of directors" in Paragraph 2 refer to ones that are currently holding those positions.</u></p>	
Article 22	The Compensation Committee would evaluate the involvement of directors and <u>supervisors</u> (including the independent directors) in the business operation of the Company and their contributions to the Company, and make	The Compensation Committee would evaluate the involvement of directors (including the independent directors) in the business operation of the Company and their contributions to the Company, and make recommendations to the Board	The term "supervisor" is removed due to the establishment of



Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	recommendations to the Board concerning their remuneration. The Board of Directors has been delegated to determine the remuneration based on the recommendations from the Compensation Committee with reference to the remuneration standard of the industry.	concerning their remuneration. The Board of Directors has been delegated to determine the remuneration based on the recommendations from the Compensation Committee with reference to the remuneration standard of the industry.	an audit committee to carry out supervisors' responsibilities.
Article 26	Pursuant to Article 228 of the Company Act, the Board of Directors shall prepare the following documents after the end of each fiscal year and forward them to <u>the supervisors for auditing</u> thirty days prior to the general meeting of shareholders before submitting them to the general meeting of shareholders for approval. 1. Business report 2. Financial statement 3. Profit distribution or deficit compensation proposal.	Pursuant to Article 228 of the Company Act, the Board of Directors shall prepare the following documents after the end of each fiscal year and forward them to <u>the audit committee for reviewing</u> thirty days prior to the general meeting of shareholders before submitting them to the general meeting of shareholders for approval; 1. Business report 2. Financial statement 3. Profit distribution or deficit compensation proposal.	The term "supervisor" is replaced with "the audit committee" due to the establishment of an audit committee to carry out supervisors' responsibilities.
Article 28	When the Company makes a profit for the year, the compensation to employees shall not be lower than five percent of the balance and the remuneration to the directors <u>and supervisors</u> shall not be higher than four percent of the balance. The compensation can be made in the form of stock or cash based on the Board resolution. Parties eligible to receive the said compensation shall include employees in affiliated companies who met certain conditions set by the Board. The distribution plan of compensation to employees and remuneration to the directors <u>and supervisors</u> shall be submitted to the shareholders' meeting. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to the directors <u>and supervisors</u> based on the above-mentioned ratios.	When the Company makes a profit for the year, the compensation to employees shall not be lower than five percent of the balance and the remuneration to the directors shall not be higher than four percent of the balance. The compensation can be made in the form of stock or cash based on the Board resolution. Parties eligible to receive the said compensation shall include employees in affiliated companies who met certain conditions set by the Board. The distribution plan of compensation to employees and remuneration to the directors shall be submitted to the shareholders' meeting. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to the directors based on the above-mentioned ratios.	The term "supervisor" is removed due to the establishment of an audit committee to carry out supervisors' responsibilities.
Article 34	The Articles of Incorporation was established after approval of all promoters on August 5, 1997. It took effect on the date when the competent authority approved the registration. The first amendment was made on	The Articles of Incorporation was established after approval of all promoters on August 5, 1997. It took effect on the date when the competent authority approved the registration. The first amendment was made on	To add the amendment date.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>October 17, 1997.</p> <p>The second amendment was made on November 1, 1997.</p> <p>The third amendment was made on December 8, 1997.</p> <p>The fourth amendment was made on April 23, 1998.</p> <p>The fifth amendment was made on March 6, 1999.</p> <p>The sixth amendment was made on April 15, 2000.</p> <p>The seventh amendment was made on April 14, 2001.</p> <p>The eighth amendment was made on June 21, 2002.</p> <p>The ninth amendment was made on May 26, 2003.</p> <p>The tenth amendment was made on May 28, 2004.</p> <p>The eleventh amendment was made on May 28, 2004.</p> <p>The twelfth amendment was made on June 17, 2005.</p> <p>The thirteenth amendment was made on June 17, 2005.</p> <p>The fourteenth amendment was made on August 28, 2006.</p> <p>The fifteenth amendment was made on May 9, 2007.</p> <p>The sixteenth amendment was made on June 3, 2008.</p> <p>The seventeenth amendment was made on June 18, 2010.</p> <p>The eighteenth amendment was made on June 9, 2011.</p> <p>The nineteenth amendment was made on June 13, 2012.</p> <p>The twentieth amendment was made on June 17, 2013.</p> <p>The twenty-first amendment was made on June 24, 2014.</p> <p>The twenty-second amendment was made on May 27, 2016.</p>	<p>October 17, 1997.</p> <p>The second amendment was made on November 1, 1997.</p> <p>The third amendment was made on December 8, 1997.</p> <p>The fourth amendment was made on April 23, 1998.</p> <p>The fifth amendment was made on March 6, 1999.</p> <p>The sixth amendment was made on April 15, 2000.</p> <p>The seventh amendment was made on April 14, 2001.</p> <p>The eighth amendment was made on June 21, 2002.</p> <p>The ninth amendment was made on May 26, 2003.</p> <p>The tenth amendment was made on May 28, 2004.</p> <p>The eleventh amendment was made on May 28, 2004.</p> <p>The twelfth amendment was made on June 17, 2005.</p> <p>The thirteenth amendment was made on June 17, 2005.</p> <p>The fourteenth amendment was made on August 28, 2006.</p> <p>The fifteenth amendment was made on May 9, 2007.</p> <p>The sixteenth amendment was made on June 3, 2008.</p> <p>The seventeenth amendment was made on June 18, 2010.</p> <p>The eighteenth amendment was made on June 9, 2011.</p> <p>The nineteenth amendment was made on June 13, 2012.</p> <p>The twentieth amendment was made on June 17, 2013.</p> <p>The twenty-first amendment was made on June 24, 2014.</p> <p>The twenty-second amendment was made on May 27, 2016.</p> <p><u>The twenty-third amendment was made on May 26, 2017.</u></p>	

## Attachment VIII Comparison Table of Amendments to Rules of Procedure for Shareholders' Meeting

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 2	<p>The Company shall prepare the signing booklet for the attending shareholders or their appointed proxies (hereinafter referred to as "Shareholders") to sign in, or the attending Shareholders shall hand in the attendance cards in lieu of signing in. The Company shall deliver the meeting agenda, annual report, attendance permit, speaker's slip, voting ballot and other meeting materials to the Shareholders attending the shareholders' meeting. Where directors <u>and supervisors</u> are to be elected, ballots shall also be provided. The Shareholders shall attend the shareholders' meeting with attendance permit, attendance card or other attendance certificates. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>When the government or a juristic person is a shareholder, the representative attending the shareholders' meeting is not limited to one person only.</p>	<p>The Company shall prepare the signing booklet for the attending shareholders or their appointed proxies (hereinafter referred to as "Shareholders") to sign in, or the attending Shareholders shall hand in the attendance cards in lieu of signing in. The Company shall deliver the meeting agenda, annual report, attendance permit, speaker's slip, voting ballot and other meeting materials to the Shareholders attending the shareholders' meeting. Where directors are to be elected, ballots shall also be provided. The Shareholders shall attend the shareholders' meeting with attendance permit, attendance card or other attendance certificates. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>When the government or a juristic person is a shareholder, the representative attending the shareholders' meeting is not limited to one person only.</p>	<p>The term "supervisor" is removed due to the establishment of an audit committee to carry out supervisors' responsibilities.</p>
Article 22	<p>The Rules and any amendment hereto shall take effect after adoption by the shareholders' meeting.</p> <p>The Rules were established on March 6, 1999.</p> <p>The first amendment was made on June 21, 2002.</p> <p>The second amendment was made on June 8, 2006.</p> <p>The third amendment was made on June 17, 2013.</p>	<p>The Rules and any amendment hereto shall take effect after adoption by the shareholders' meeting.</p> <p>The Rules were established on March 6, 1999.</p> <p>The first amendment was made on June 21, 2002.</p> <p>The second amendment was made on June 8, 2006.</p> <p>The third amendment was made on June 17, 2013.</p> <p><u>The fourth amendment was made on May 26, 2017.</u></p>	<p>To add the amendment date.</p>

**Attachment IX Comparison Table of Amendments to Director and Supervisor Election Procedures**

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Name of Procedures	Original: Director <u>and Supervisor</u> Election Procedures	New: Director Election Procedures	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.
Article 1	The Procedures are established in compliance with “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” for a fair, just and open election of directors <u>and supervisors</u> .	The Procedures are established in compliance with “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” for a fair, just and open election of directors.	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.
Article 2	Except for matters regulated in applicable laws or the Articles of Incorporation, the election of directors <u>and supervisors</u> shall be in compliance with the Procedures.	Except for matters regulated in applicable laws, <u>such as the Company Act</u> , or the Articles of Incorporation <u>of the Company</u> , the election of directors shall be in compliance with the Procedures.	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.
Article 4	<u>The supervisors shall meet the</u>	Deleted.	The criteria of

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p><u>following criteria:</u></p> <ol style="list-style-type: none"> <li>1. <u>Integrity and practicality</u></li> <li>2. <u>Fair judgment</u></li> <li>3. <u>Professional knowledge</u></li> <li>4. <u>Rich experience</u></li> <li>5. <u>Ability to comprehend financial statements</u></li> </ol> <p><u>Besides those stated above, at least one supervisor shall be in the profession of accounting or finance.</u></p>		<p>supervisors are removed as the audit committee is established to carry out supervisors' responsibilities.</p>
Article 7	<p>The directors <u>and supervisors</u> of the Company are elected using the open-ballot, cumulative voting method. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or divided to vote for several persons.</p> <p>The independent and non-independent directors shall be elected simultaneously with the number of votes and elected directors calculated separately.</p>	<p>The directors of the Company are elected using the open-ballot, cumulative voting method. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or divided to vote for several persons.</p> <p>The independent and non-independent directors shall be elected simultaneously with the number of votes and elected directors calculated separately.</p>	<p>The term "supervisor" is removed due to the establishment of an audit committee to carry out supervisors' responsibilities.</p>
Article 8	<p>The Company shall prepare the same number of ballots as directors <u>and supervisors</u> to be elected and the number of voting rights shall be specified on the ballots, which would be distributed to shareholders attending the Shareholders' Meeting. The attendance card numbers may be used to replace the names of shareholders on the ballots.</p>	<p>The Company shall prepare the same number of ballots as directors to be elected and the number of voting rights shall be specified on the ballots, which would be distributed to shareholders attending the Shareholders' Meeting. The attendance card numbers may be used to replace the names of shareholders on the ballots.</p>	<p>The term "supervisor" is removed due to the establishment of an audit committee to carry out supervisors' responsibilities.</p>
Article 9	<p>For the number of seats set forth in the Articles of Incorporation, candidates who acquire more votes <u>in the director and independent director or supervisor election of the Company</u> shall win the seats sequentially. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified available seats, such persons acquiring the same votes shall draw lots to decide who should win the seats, and the Chairperson shall draw lots on behalf of the candidate who is not present.</p> <p><u>If a shareholder is elected as director and supervisor at the same time</u></p>	<p>For the number of seats set forth in the Articles of Incorporation, <u>the number of votes for independent and non-independent directors are calculated separately, and candidates who acquire more votes shall win the seats of independent and non-independent directors respectively.</u> If two or more persons acquire the same number of votes and the number of such persons exceeds the specified available seats, such persons acquiring the same votes shall draw lots to decide who should win the seats, and the Chairperson shall draw lots on behalf of the candidate who is not present.</p>	<p>The term "supervisor" is removed due to the establishment of an audit committee to carry out supervisors' responsibilities.</p> <p>The article is amended by reference to Article 9 of the Sample Template for XXX Co., Ltd. Procedures for Election of Directors and Supervisors proposed by the competent authority.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p><u>pursuant to the preceding paragraph, the person shall decide whether to take the seat of director or supervisor. The election would be invalid if the elected director or supervisor is unqualified upon verification or otherwise provided by law.</u></p>		
Article 9-1	<p>More than half of the directors <u>and at least one seat among supervisors or among supervisors and directors</u> shall not have the following relationships:</p> <ol style="list-style-type: none"> <li>1. A spousal relationship.</li> <li>2. A familial relationship within the second degree of kinship.</li> </ol>	<p>More than half of the directors shall not have the following relationships:</p> <ol style="list-style-type: none"> <li>1. A spousal relationship.</li> <li>2. A familial relationship within the second degree of kinship.</li> </ol>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities. The wording is amended by reference to the Sample Template for XXX Co., Ltd. Procedures for Election of Directors and Supervisors proposed by the competent authority.</p>
Article 9-2	<p>If the originally-elected directors <u>or supervisors</u> fail to meet the conditions under Article 26-3 of the Securities and Exchange Act, directors <u>or supervisors</u> to be elected shall be determined according to the following provisions:</p> <ol style="list-style-type: none"> <li>1. <u>When there are some among the directors who fail to meet the conditions, the director</u> receiving the lowest number of votes among those not meeting the conditions is not elected.</li> <li>2. <u>When there are some among the supervisors who fail to meet the conditions, the provisions of the preceding subparagraph shall apply mutatis mutandis.</u></li> <li>3. <u>When there are some among the directors and supervisors who fail to meet the conditions, the supervisor</u> receiving the lowest number of votes among those not</li> </ol>	<p>If the originally-elected directors fail to meet the conditions under Article 26-3 of the Securities and Exchange Act, <u>the</u> director receiving the lowest number of votes among those not meeting the conditions is not elected.</p>	<p>The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<u>meeting the conditions is not elected.</u>		
Article 14	The ballots shall be calculated during the meeting right after the vote casting and the results of the election for directors <u>and supervisors</u> shall be announced by the Chairperson at the meeting.	The ballots shall be calculated during the meeting right after the vote casting and the results of the election for directors shall be announced by the Chairperson at the meeting.	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.
Article 15	The Board will issue elected notices to elected directors <u>and supervisors</u> .	The Board will issue elected notices to elected directors.	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.
Article 16	The Procedures were established on March 25, 2005 and became effective after approval at the shareholders’ meeting, as would any revision thereof. The first revision was made on June 8, 2006. The second revision was made on May 9, 2007.	The Procedures were established on March 25, 2005 and became effective after approval at the shareholders’ meeting, as would any revision thereof. The first revision was made on June 8, 2006. The second revision was made on May 9, 2007. <u>The third revision was made on May 26, 2017.</u>	To add the amendment date.

### Attachment X Comparison Table of Amendments to Procedures for Acquisition or Disposal of Assets

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 5	Investment limits of non-operating real estate and securities (1) The total amount of non-operating real estate acquired individually by the Company and its subsidiaries shall not exceed 15 percent of the net worth. (2) The respective net investment of the	Investment limits of non-operating real estate and securities (1) The total amount of non-operating real estate acquired individually by the Company and its subsidiaries shall not exceed 15 percent of the net worth. (2) The respective net investment of the	The wording is amended for clarification purpose.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>Company and its subsidiaries in a listed or over-the-counter (OTC) company shall not exceed 10 percent of the net worth in respective companies' latest financial statements.</p> <p>(3) The total shareholding of the Company and its subsidiaries in a listed or OTC company shall not exceed 10 percent of the total issued shares of the said listed or OTC company.</p> <p>(4) The subsidiaries' shareholding in the Company shall not exceed 10 percent of the applicant company's total issued shares.</p> <p>For investments which are intended to be held on a long-term basis and which the Company and its subsidiaries participate in investment establishment or act as directors or supervisors, they may be excluded when calculating the investment ratio in Subparagraphs 2 and 3 of the preceding paragraph.</p>	<p>Company and its subsidiaries in a listed or over-the-counter (OTC) company shall not exceed 10 percent of the net worth in respective companies' latest financial statements.</p> <p>(3) The total shareholding of the Company and its subsidiaries in a listed or OTC company shall not exceed 10 percent of the total issued shares of the said listed or OTC company.</p> <p>(4) The subsidiaries' shareholding in the Company shall not exceed 10 percent of the applicant company's total issued shares.</p> <p>For investments which are intended to be held on a long-term basis and which the Company and its subsidiaries participate in investment establishment or act as directors or supervisors <u>of the investees</u>, they may be excluded when calculating the investment ratio in Subparagraphs 2 and 3 of the preceding paragraph.</p>	
Article 7	<p>Procedures for acquisition or disposal of real estate, plants and equipment</p> <p>(1) Assessment and operation procedures Acquisition or disposal of the Company's real estate, plants and equipment shall be handled in accordance with the real estate, plants and equipment cycle procedures under the Company's internal control system.</p> <p>(2) Determination of trading terms and authorization limit</p> <p>(i) To acquire or dispose of real estate, the Company shall refer to the publicly announced current value, assessed value, actual trading price of neighboring real estate, etc. to determine the trading terms and price and submit an analysis report to the Chairperson. Amounts equal to or below NT\$ 50,000,000 shall be submitted to the Chairperson for approval and reported afterwards in the latest Board of Directors' meeting. Amounts over NT\$ 50,000,000 shall be approved by the Board of Directors.</p>	<p>Procedures for acquisition or disposal of real estate, plants and equipment</p> <p>(1) Assessment and operation procedures Acquisition or disposal of the Company's real estate, plants and equipment shall be handled in accordance with the real estate, plants and equipment cycle procedures under the Company's internal control system.</p> <p>(2) Determination of trading terms and authorization limit</p> <p>(i) To acquire or dispose of real estate, the Company shall refer to the publicly announced current value, assessed value, actual trading price of neighboring real estate, etc. to determine the trading terms and price and submit an analysis report to the Chairperson. Amounts equal to or below NT\$ 50,000,000 shall be submitted to the Chairperson for approval and reported afterwards in the latest Board of Directors' meeting. Amounts over NT\$ 50,000,000 shall be approved by the Board of Directors.</p>	<p>Due to the establishment of an audit committee to carry out supervisors' responsibilities, the term "supervisor" is removed and amendments are made for regulatory compliance.</p>



Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>(Omitted)</p> <p>(ii) Acquisition or disposal of plants and equipment shall be implemented in any of the following methods: inquiry, bidding, price negotiation or tendering. Amounts below (including) NT\$ 200,000 shall be approved by the Company's approval authority based on their authorization limits; amounts over NT\$ 200,000 and below (including) NT\$ 30,000,000 shall be submitted to the Chairperson for approval and reported afterwards in the latest Board of Directors' meeting. Amounts over NT\$ 30,000,000 must be approved by the Board of Directors.</p> <p>(iii) Regarding the Company's acquisition or disposal of assets which shall be passed by the Board of Directors according to the procedures stipulated herein or other laws, if any director expresses objections on the recorded or in writing, the Company shall submit such director's objection to each <u>supervisor</u>. In addition, when the Company reports the transactions of asset acquisition or disposal to the Board of Directors pursuant to regulations, it shall fully consider each independent director's opinions and include his/her comments and reasons for consent or objection in the meeting minutes.</p> <p>(Omitted)</p>	<p>(Omitted)</p> <p>(ii) Acquisition or disposal of plants and equipment shall be implemented in any of the following methods: inquiry, bidding, price negotiation or tendering. Amounts below (including) NT\$ 200,000 shall be approved by the Company's approval authority based on their authorization limits; amounts over NT\$ 200,000 and below (including) NT\$ 30,000,000 shall be submitted to the Chairperson for approval and reported afterwards in the latest Board of Directors' meeting. Amounts over NT\$ 30,000,000 must be approved by the Board of Directors.</p> <p>(iii) Regarding the Company's acquisition or disposal of assets which shall be passed by the Board of Directors according to the procedures stipulated herein or other laws, if any director expresses objections on the recorded or in writing, the Company shall submit such director's objection to each <u>audit committee member</u>. In addition, when the Company reports the transactions of asset acquisition or disposal to the Board of Directors pursuant to regulations, it shall fully consider each independent director's opinions and include his/her comments and reasons for consent or objection in the meeting minutes.</p> <p>(Omitted)</p>	
Article 8	<p>Acquisition or disposal procedures for marketable securities</p> <p>(Omitted)</p> <p>(iv) Regarding the acquisition or disposal of Company's assets which shall be passed by the Board of Directors according to the provisions herein or of other laws, if any director expresses</p>	<p>Acquisition or disposal procedures for marketable securities</p> <p>(Omitted)</p> <p>(iv) Regarding the acquisition or disposal of Company's assets which shall be passed by the Board of Directors according to the provisions herein or of other laws, if any director expresses</p>	<p>Due to the establishment of an audit committee to carry out supervisors' responsibilities, the term "supervisor" is</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>objections on the record or in writing, the Company shall submit the objections to <u>each supervisor</u>. In addition, when the Company reports the transactions of asset acquisition or disposal to the Board of Directors pursuant to regulations, the Company shall fully consider each independent director's opinions and include his/her comments and reasons for consent or objection in the meeting minutes.</p> <p>(Omitted)</p>	<p>objections on the record or in writing, the Company shall submit the objections to <u>the audit committee</u>. In addition, when the Company reports the transactions of asset acquisition or disposal to the Board of Directors pursuant to regulations, the Company shall fully consider each independent director's opinions and include his/her comments and reasons for consent or objection in the meeting minutes.</p> <p>(Omitted)</p>	<p>removed and amendments are made for regulatory compliance.</p>
Article 9	<p>Procedures for related party transaction</p> <p>(1) Regarding acquisition or disposal of assets between the Company and related parties, in addition to compliance with Article 7, "Procedures for acquisition or disposal of real estate, plants and equipment", the related resolution procedures and reasonableness assessment of the transaction, etc. shall be carried out in accordance with the following regulations. Where the trading amount exceeds 10 percent of the Company's total assets, the Company shall obtain appraisal reports produced by professional appraisers or CPA's opinions in accordance with Article 7 herein. The calculation of trading amount shall be conducted in accordance with Article 10-1 herein. Moreover, in judging whether the trading counterparty is a related party, the Company shall, in addition to paying attention to the legal formalities, consider the substantive relations.</p> <p>(2) Assessment and operation procedures Where the Company acquires or disposes of real estate or other non-real estate assets from or to a related party and the trading amount exceeds 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$ 300,000,000, the following information shall be passed by the Board of Directors and acknowledged</p>	<p>Procedures for related party transaction</p> <p>(1) Regarding acquisition or disposal of assets between the Company and related parties, in addition to compliance with Article 7, "Procedures for acquisition or disposal of real estate, plants and equipment", the related resolution procedures and reasonableness assessment of the transaction, etc. shall be carried out in accordance with the following regulations. Where the trading amount exceeds 10 percent of the Company's total assets, the Company shall obtain appraisal reports produced by professional appraisers or CPA's opinions in accordance with Article 7 herein. The calculation of trading amount shall be conducted in accordance with Article 10-1 herein. Moreover, in judging whether the trading counterparty is a related party, the Company shall, in addition to paying attention to the legal formalities, consider the substantive relations.</p> <p>(2) Assessment and operation procedures Where the Company acquires or disposes of real estate or other non-real estate assets from or to a related party and the trading amount exceeds 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$ 300,000,000, the following information shall be passed by the Board of Directors and acknowledged</p>	<p>Due to the establishment of an audit committee to carry out supervisors' responsibilities, the term "supervisor" is removed and amendments are made for regulatory compliance.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>by <u>supervisors</u> before signing the contract and making payments:</p> <ul style="list-style-type: none"> <li>(i) Purpose, necessity and expected benefits of the asset acquisition or disposal.</li> <li>(ii) Reasons for choosing the related party as trading counterparty.</li> <li>(iii) Information related to the assessment of reasonableness of preliminary trading terms in accordance with Subparagraphs 1 and 4 of Paragraph 3 of this Article for real estate acquisition from related party.</li> <li>(iv) Items such as the related party's original acquisition date, price, trading counterparty and the counterparty's relations to the Company and the related party.</li> <li>(v) Monthly cash flow forecasts of the coming year starting from the estimated contract-signing month and the assessments on necessity of trading and reasonableness of fund utilization.</li> <li>(vi) Appraisal reports produced by professional appraisers or CPAs' opinions which are obtained in accordance with the above paragraphs.</li> <li>(vii) Restrictions and other important stipulations for the trading.</li> <li>(viii) The calculation of trading amount shall be conducted in accordance with Article 14 herein. The term "within one year" means one year calculated retrospectively from the transaction date, which is considered as the base date. The part which has been approved by the Board of Directors <u>and acknowledged by the supervisors</u> in accordance with the Procedures is excluded from the calculation.</li> <li>(ix) Regarding acquisition or disposal of operating machinery and equipment between the Company and its subsidiaries, the Board of Directors may authorize the</li> </ul>	<p>by <u>the audit committee</u> before signing the contract and making payments:</p> <ul style="list-style-type: none"> <li>(i) Purpose, necessity and expected benefits of the asset acquisition or disposal.</li> <li>(ii) Reasons for choosing the related party as trading counterparty.</li> <li>(iii) Information related to the assessment of reasonableness of preliminary trading terms in accordance with Subparagraphs 1 and 4 of Paragraph 3 of this Article for real estate acquisition from related party.</li> <li>(iv) Items such as the related party's original acquisition date, price, trading counterparty and the counterparty's relations to the Company and the related party.</li> <li>(v) Monthly cash flow forecasts of the coming year starting from the estimated contract-signing month and the assessments on necessity of trading and reasonableness of fund utilization.</li> <li>(vi) Appraisal reports produced by professional appraisers or CPAs' opinions which are obtained in accordance with the above paragraphs.</li> <li>(vii) Restrictions and other important stipulations for the trading.</li> <li>(viii) The calculation of trading amount shall be conducted in accordance with Article 14 herein. The term "within one year" means one year calculated retrospectively from the transaction date, which is considered as the base date. The part which has been approved by the Board of Directors in accordance with the Procedures is excluded from the calculation.</li> <li>(ix) Regarding acquisition or disposal of operating machinery and equipment between the Company and its subsidiaries, the Board of Directors may authorize the Chairperson to approve within a certain amount in accordance</li> </ul>	

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>Chairperson to approve within a certain amount in accordance with Article 7 herein and report it afterwards for acknowledgement in the latest Board of Directors' meeting.</p> <p>(x) When the Company reports the acquisition or disposal trading to the Board of Directors, it shall fully consider each independent director's opinions and include his/her comments and reasons for consent or objection in the Board of Directors' meeting minutes.</p> <p>(Omitted)</p> <p>(v) Regarding the Company's real estate acquisitions from related parties, if all of the results assessed in accordance with Subparagraphs 1 and 2 of Paragraph 3 of this Article are lower than the trading price, the following matters shall be carried out:</p> <p>A. In respect of the difference between the trading price and the assessed cost of the real estate, the Company shall recognize a special reserve in accordance with Paragraph 1 of Article 41 of the Act. It shall not be distributed or used for capital increase and issuance of bonus share. If an investor, who accounts for its investment in another company under equity method, is a publicly listed company, the special reserve pursuant to Paragraph 1 of Article 41 of the Act shall be recognized in proportion to the shareholding percentage of the investor in the investee company.</p> <p>B. <u>Supervisors</u> shall comply with Article 218 of the Company Act.</p> <p>C. Actions taken pursuant to Subparagraphs 1 and 2 shall be reported to the</p>	<p>with Article 7 herein and report it afterwards for acknowledgement in the latest Board of Directors' meeting.</p> <p>(x) When the Company reports the acquisition or disposal trading to the Board of Directors, it shall fully consider each independent director's opinions and include his/her comments and reasons for consent or objection in the Board of Directors' meeting minutes.</p> <p>(Omitted)</p> <p>(v) Regarding the Company's real estate acquisitions from related parties, if all of the results assessed in accordance with Subparagraphs 1 and 2 of Paragraph 3 of this Article are lower than the trading price, the following matters shall be carried out:</p> <p>A. In respect of the difference between the trading price and the assessed cost of the real estate, the Company shall recognize a special reserve in accordance with Paragraph 1 of Article 41 of the Act. It shall not be distributed or used for capital increase and issuance of bonus share. If an investor, who accounts for its investment in another company under equity method, is a publicly listed company, the special reserve pursuant to Paragraph 1 of Article 41 of the Act shall be recognized in proportion to the shareholding percentage of the investor in the investee company.</p> <p>B. <u>Audit committee members</u> shall comply with Article 218 of the Company Act.</p> <p>C. Actions taken pursuant to Subparagraphs 1 and 2 shall be reported to the shareholders' meeting and</p>	

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>shareholders' meeting and the trading details shall be disclosed in the annual report and prospectus.</p> <p>The publicly listed company which recognizes a special reserve in accordance with the preceding paragraph may use such reserve upon approvals from competent securities authority and after assets purchased at a premium had recognized losses from decline of market value or been disposed of; compensated appropriately; or restored to original status, or there are other evidences indicating the transaction is not unreasonable.</p> <p>(Omitted)</p>	<p>the trading details shall be disclosed in the annual report and prospectus.</p> <p>The publicly listed company which recognizes a special reserve in accordance with the preceding paragraph may use such reserve upon approvals from competent securities authority and after assets purchased at a premium had recognized losses from decline of market value or been disposed of; compensated appropriately; or restored to original status, or there are other evidences indicating the transaction is not unreasonable.</p> <p>(Omitted)</p>	
Article 10	<p>Procedures for acquisition or disposal of membership certificates or intangible assets</p> <p>(1) Assessment and operation procedures The acquisition or disposal of the Company's membership certificates or intangible assets shall be conducted in accordance with the real estate, plants and equipment cycle procedures under the Company's internal control system.</p> <p>(2) Determination of trading terms and authorization limit</p> <p>(i) Regarding the acquisition or disposal of membership certificates, the Company shall refer to the fair value of the market in determining the trading terms and trading price and submit an analysis report to the <u>General Manager</u>. Amounts below 1 percent of the paid-in capital or NT\$ 3,000,000 shall be submitted to the <u>General Manager</u> for approval <u>and reported afterwards in the latest Board of Directors' meeting</u>. Amounts exceed NT\$ 3,000,000 must be passed by the Board of Directors.</p>	<p>Procedures for acquisition or disposal of membership certificates or intangible assets</p> <p>(1) Assessment and operation procedures The acquisition or disposal of the Company's membership certificates or intangible assets shall be conducted in accordance with the real estate, plants and equipment cycle procedures under the Company's internal control system.</p> <p>(2) Determination of trading terms and authorization limit</p> <p>(i) Regarding the acquisition or disposal of membership certificates <u>or intangible assets</u>, the Company shall refer to the fair value of the market in determining the trading terms and trading price and submit an analysis report to the <u>Chairperson</u>. Amounts below 1 percent of the paid-in capital or NT\$ 3,000,000 shall be submitted to the <u>Chairperson</u> for approval. Amounts exceed NT\$ 3,000,000 must be passed by the Board of Directors.</p> <p>(ii) <u>The Company's</u> acquisition or disposal of <u>membership certificates or intangible assets</u></p>	Amended in accordance with the Company's authorization level.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>(ii) <u>Regarding the acquisition or disposal of intangible assets, the Company shall refer to expert assessment reports or the fair value of the market in determining the trading terms and trading price and submit an analysis report to the Chairperson. Amounts below 10 percent of the paid-in capital or NT\$ 20,000,000 shall be submitted to the Chairperson for approval and reported afterwards in the latest Board of Directors' meeting. Amounts exceed NT\$ 20,000,000 must be passed by the Board of Directors.</u></p> <p>(iii) <u>Regarding the Company's acquisition or disposal of assets which shall be passed by the Board of Directors according to the procedures stipulated herein or other laws, if any director expresses objections on the recorded or in writing, the Company shall submit such director's objection to each Supervisor. In addition, the Company reports the trading of asset acquisition or disposal to the Board of Directors.</u></p> <p>(Omitted)</p>	<p><u>shall be approved by the majority of all audit committee members and submitted to the Board of Directors for resolutions. The transaction may be undertaken upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board of Directors' meeting.</u></p> <p>(Omitted)</p>	
Article 12	<p>Procedures for acquisition or disposal of financial derivative instruments</p> <p>(Omitted)</p> <p>(iv) Regarding the Company's acquisition or disposal of assets which shall be passed by the Board of Directors according to the procedures stipulated herein or other laws, if any director expresses objections on the recorded or in writing, the Company shall submit such director's objection to <u>each supervisor</u>. In addition, when the Company reports the trading of asset acquisition or disposal to</p>	<p>Procedures for acquisition or disposal of financial derivative instruments</p> <p>(Omitted)</p> <p>(iv) Regarding the Company's acquisition or disposal of assets which shall be passed by the Board of Directors according to the procedures stipulated herein or other laws, if any director expresses objections on the recorded or in writing, the Company shall submit such director's objection to <u>the audit committee</u>. In addition, when the Company reports the trading of asset acquisition or disposal to</p>	<p>The term "supervisor" is removed due to the establishment of an audit committee to carry out supervisors' responsibilities.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>the Board of Directors, the Company shall fully consider each independent director's opinions and include his/her comments and reasons for consent or objection in the meeting minutes.</p> <p>B. Audit department Audit Department is responsible for understanding the adequacy of internal control over trading of financial derivative instruments and auditing the trading department's compliance with operation procedures. It should analyze the trading cycle in order to prepare audit reports and report to the <u>supervisors</u> and the Board of Directors when significant negligence occurs.</p> <p>(Omitted)</p> <p>(3) Internal audit system (i) The internal auditors shall regularly review the adequacy of internal control on the trading of financial derivative instruments. They shall monthly audit the trading department's compliance with relevant procedures and analyze the trading cycle to prepare audit reports. If significant violation is found, they shall notify the <u>supervisors</u> in writing.</p> <p>(Omitted)</p>	<p>the Board of Directors, the Company shall fully consider each independent director's opinions and include his/her comments and reasons for consent or objection in the meeting minutes.</p> <p>B. Audit department Audit Department is responsible for understanding the adequacy of internal control over trading of financial derivative instruments and auditing the trading department's compliance with operation procedures. It should analyze the trading cycle in order to prepare audit reports and report to the <u>audit committee</u> and the Board of Directors when significant negligence occurs.</p> <p>(Omitted)</p> <p>(3) Internal audit system (i) The internal auditors shall regularly review the adequacy of internal control on the trading of financial derivative instruments. They shall monthly audit the trading department's compliance with relevant procedures and analyze the trading cycle to prepare audit reports. If significant violation is found, they shall notify the <u>audit committee</u> in writing.</p> <p>(Omitted)</p>	
Article 13	<p>Procedures for merger, spin off, acquisition or transfer of shares (1) Assessment and operation procedures (i) For mergers, spin off, acquisitions or transfer of shares, the Company shall appoint lawyers, CPAs and underwriters to jointly propose a schedule for legal procedures and organize a task force to implement in accordance with legal procedures. Before convening the Board of Directors' meeting for resolution, the Company shall</p>	<p>Procedures for merger, spin off, acquisition or transfer of shares (1) Assessment and operation procedures (i) For mergers, spin off, acquisitions or transfer of shares, the Company shall appoint lawyers, CPAs and underwriters to jointly propose a schedule for legal procedures and organize a task force to implement in accordance with legal procedures. Before convening the Board of Directors' meeting for resolution, the Company shall</p>	Amendments are made for regulatory compliance

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>appoint CPAs, lawyers or underwriters to express their opinions regarding the reasonableness of stock conversion ratio, acquisition price or cash or other assets allotted to shareholders.</p> <p>(Omitted)</p>	<p>appoint CPAs, lawyers or underwriters to express their opinions regarding the reasonableness of stock conversion ratio, acquisition price or cash or other assets allotted to shareholders.</p> <p><u>Opinions on reasonableness from the above-mentioned professionals are not required when the Company merges a subsidiary whose shares issued or paid-in capital are 100 percent owned, directly or indirectly, by the Company or the merger occurs between subsidiaries whose shares issued or paid-in capital are 100 percent owned, directly or indirectly, by the Company.</u></p> <p>(Omitted)</p>	
Article 17	<p>Implementation and amendment</p> <p><u>Once the Company's "Procedures for Acquisition or Disposal of Assets" is approved by the Board of Directors, it shall be submitted to the Supervisors and proposed to the shareholders' meeting for approval. The same applies to amendments. If any director expresses objections on the recorded or in writing, the Company shall submit such director's objection to the Supervisors. When the Company reports the Procedures to the Board of Directors, it shall fully consider each independent director's opinions and include his/her comments and reasons for consent or objection in the meeting minutes.</u></p>	<p>Implementation and amendment</p> <p><u>The Company has established an audit committee pursuant to relevant laws and regulations. The adoption of Procedures or amendments thereof shall be approved by the majority of all audit committee members and submitted to the Board of Directors for resolutions. The Procedures may come into force upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board of Directors' meeting.</u></p> <p><u>The terms "All audit committee members" in Paragraph 2 and "total number of directors" in the preceding paragraph refer to ones that are currently holding those positions.</u></p> <p>If any director expresses objections on the recorded or in writing, the Company shall submit such director's objection to the <u>shareholders' meeting</u>. When the Company reports the Procedures to the Board of Directors, it shall fully consider each independent director's opinions and include his/her comments and reasons</p>	<p>The term "supervisor" is removed due to the establishment of an audit committee to carry out supervisors' responsibilities. The article is amended by reference to Article 6 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>



Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
		for consent or objection in the meeting minutes.	
Article 18	<p>Additional provisions</p> <p>Any other matter not set forth in the Procedures shall be handled in accordance with related laws and regulations.</p> <p>The Procedures was established on April 15, 2000.</p> <p>The first amendment was made on March 7, 2003.</p> <p>The second amendment was made on May 9, 2007.</p> <p>The third amendment was made on June 3, 2008.</p> <p>The fourth amendment was made on June 18, 2010.</p> <p>The fifth amendment was made on August 30, 2010.</p> <p>The sixth amendment was made on June 9, 2011.</p> <p>The seventh amendment was made on June 13, 2012.</p> <p>The eighth amendment was made on June 17, 2013.</p>	<p>Additional provisions</p> <p>Any other matter not set forth in the Procedures shall be handled in accordance with related laws and regulations.</p> <p>The Procedures was established on April 15, 2000.</p> <p>The first amendment was made on March 7, 2003.</p> <p>The second amendment was made on May 9, 2007.</p> <p>The third amendment was made on June 3, 2008.</p> <p>The fourth amendment was made on June 18, 2010.</p> <p>The fifth amendment was made on August 30, 2010.</p> <p>The sixth amendment was made on June 9, 2011.</p> <p>The seventh amendment was made on June 13, 2012.</p> <p>The eighth amendment was made on June 17, 2013.</p> <p><u>The ninth amendment was made on May 26, 2017.</u></p>	To add the amendment date.

### Attachment XI Comparison Table of Amendments to Procedures for Endorsement and Guarantee

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 8	If the party to whom the Company provided endorsement and guarantee pursuant to Article 4 later failed to meet the criteria in the article, or the amount of endorsement and guarantee exceeds the prescribed limit due to the changes of basis on which the amounts of limits are calculated, the amount of endorsement and guarantee for such party or the excess shall be eliminated upon the expiry of agreement or within	If the party to whom the Company provided endorsement and guarantee pursuant to Article 4 later failed to meet the criteria in the article, or the amount of endorsement and guarantee exceeds the prescribed limit due to the changes of basis on which the amounts of limits are calculated, the amount of endorsement and guarantee for such party or the excess shall be eliminated upon the expiry of agreement or within	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	the certain period specified in the improvement plan. The plan shall be delivered to <u>all supervisors</u> and proposed at the Board Meetings after the completion of improvement according to the planned schedule.	the certain period specified in the improvement plan. The plan shall be delivered to <u>the audit committee</u> and proposed at the Board Meetings after the completion of improvement according to the planned schedule.	
Article 13	The internal auditor of the Company shall perform auditing on the procedures for the endorsement and guarantee and the execution status at least quarterly and produce written auditing reports. Should there be any violation found, <u>all supervisors</u> shall be immediately notified in writing.	The internal auditor of the Company shall perform auditing on the procedures for the endorsement and guarantee and the execution status at least quarterly and produce written auditing reports. Should there be any violation found, <u>the audit committee</u> shall be immediately notified in writing.	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities.
Article 17	<p>Implementation and amendment</p> <p>The Procedures shall be approved by the <u>Board of Directors before sending to all supervisors and be proposed at the shareholders’ meeting for approval.</u> If any director expresses objection on the record or in writing, the Company shall submit the objection to <u>all supervisors and propose at the shareholders’ meeting for discussion.</u> The same applies to any amendment made to this Procedure.</p> <p>When the Procedures are submitted at the Board Meetings for discussion in accordance with the abovementioned rules, if the Company has independent directors, their opinions shall be fully taken into consideration by the Company. Their definite opinions on whether to approve and the reasons for disapproval shall be recorded in the minutes of the Board Meetings.</p>	<p>Implementation and amendment</p> <p>The Procedures shall be approved by the <u>majority of all audit committee members, submitted to the Board of Directors for resolutions</u> and proposed at the shareholders’ meeting for approval. <u>It may come into force upon the consent of two-thirds of the total number of directors if the majority of audit committee members does not approve, without being subject to the restrictions in the preceding paragraph. In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board meeting.</u></p> <p>If any director expresses objection on the record or in writing, the Company shall submit the objection to the shareholders’ meeting for discussion. The same applies to any amendment made to this Procedure.</p> <p>When the Procedures are submitted at the Board Meetings for discussion in accordance with the abovementioned rules, if the Company has independent directors, their opinions shall be fully taken into consideration by the Company. Their definite opinions on whether to approve and the reasons for disapproval shall be recorded in the minutes of the Board Meetings.</p>	The term “supervisor” is removed due to the establishment of an audit committee to carry out supervisors’ responsibilities. The article is also amended in accordance with Article 14-5 of the Securities and Exchange Act.
Article 18	The Procedures took effect on April 15, 2000 after being approved by the shareholders’ meeting. The first amendment was made on May	The Procedures took effect on April 15, 2000 after being approved by the shareholders’ meeting. The first amendment was made on May	To add the amendment date.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>26, 2003.</p> <p>The second amendment was made on June 8, 2006.</p> <p>The third amendment was made on May 9, 2007.</p> <p>The fourth amendment was made on June 16, 2009.</p> <p>The fifth amendment was made on June 18, 2010.</p> <p>The sixth amendment was made on June 17, 2013.</p> <p>The seventh amendment was made on June 24, 2014.</p> <p>The eighth amendment was made on May 27, 2016.</p>	<p>26, 2003.</p> <p>The second amendment was made on June 8, 2006.</p> <p>The third amendment was made on May 9, 2007.</p> <p>The fourth amendment was made on June 16, 2009.</p> <p>The fifth amendment was made on June 18, 2010.</p> <p>The sixth amendment was made on June 17, 2013.</p> <p>The seventh amendment was made on June 24, 2014.</p> <p>The eighth amendment was made on May 27, 2016.</p> <p><u>The ninth amendment was made on May 26, 2017.</u></p>	

## Attachment XII Comparison Table of Amendments to Procedures for Lending Funds to Other Parties

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 10	<p>Guidelines for financing other parties:</p> <p>(1) The Company shall carefully assess if the fund lending complies with the Procedures and submit the assessment to the Board of Directors for resolution before financing other parties. The authorization for approval cannot be delegated to other persons.</p> <p>(2) The internal auditor of the Company shall at least quarterly audit the procedures for financing other parties and execution status and prepare written record accordingly. If material violation is found, the Company should submit relevant improvement plan to <u>all supervisors</u>. Improvement should be executed by schedule and reported to the Board of Directors upon completion.</p> <p>(3) When change of circumstances results in Borrower's failure to meet the criteria of the Procedures or lending balance exceeds the limit, the audit department of the Company shall urge the Financial Department to set a deadline to recover the exceeding amount and send the improvement plan to <u>all supervisors</u>.</p> <p>(4) The Company's person-in-charge shall prepare the details of fund lending of previous month by the fifth day of every month and submit it for review level-by-level.</p>	<p>Guidelines for financing other parties:</p> <p>(1) The Company shall carefully assess if the fund lending complies with the Procedures and submit the assessment to the Board of Directors for resolution before financing other parties. The authorization for approval cannot be delegated to other persons.</p> <p>(2) The internal auditor of the Company shall at least quarterly audit the procedures for financing other parties and execution status and prepare written record accordingly. If material violation is found, the Company should submit relevant improvement plan to <u>the audit committee</u>. Improvement should be executed by schedule and reported to the Board of Directors upon completion.</p> <p>(3) When change of circumstances results in Borrower's failure to meet the criteria of the Procedures or lending balance exceeds the limit, the audit department of the Company shall urge the Financial Department to set a deadline to recover the exceeding amount and send the improvement plan to <u>the audit committee</u>.</p> <p>(4) The Company's person-in-charge shall prepare the details of fund lending of previous month by the fifth day of every month and submit it for review level-by-level.</p>	<p>The term "supervisor" is removed due to the establishment of an audit committee to carry out supervisors' responsibilities.</p>
Article 13	<p>Implementation and amendment</p> <p>The Procedures <u>come into force once they are approved by the board of directors, sent to all supervisors and adopted at the shareholders' meeting</u>. If any director expresses objection on the record or in writing, the Company shall submit the objection to <u>all</u></p>	<p>Implementation and amendment</p> <p>The Procedures <u>shall be approved by the majority of all audit committee members, submitted to the Board of Directors for resolutions and adopted at the shareholders' meeting</u>. It may come into force upon the <u>consent of two-thirds of the total</u></p>	<p>The term "supervisor" is removed due to the establishment of an audit committee to carry out</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p><u>supervisors and propose it at the shareholders' meeting for discussion.</u> The same applies to any amendment made to the Procedures.</p> <p>If the Company has independent directors, their opinions shall be fully considered while submitting the Procedures to the Board of Directors for discussion in accordance with the aforesaid regulations. The definite opinions on whether to approve the Procedures and the reasons for disapproval shall be recorded in the minutes of the Board of Directors.</p>	<p><u>number of directors if the majority of audit committee members does not approve, without being subject to the restrictions in the preceding paragraph.</u> <u>In such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board Meeting.</u></p> <p>If any director expresses objection on the record or in writing, the Company shall submit the objection to the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures.</p> <p>If the Company has independent directors, their opinions shall be fully considered while submitting the Procedures to the Board of Directors for discussion in accordance with the aforesaid regulations. The definite opinions on whether to approve the Procedures and the reasons for disapproval shall be recorded in the minutes of the Board of Directors.</p>	<p>supervisors' responsibilities. The article is also amended in accordance with Article 14-5 of the Securities and Exchange Act.</p>
Article 14	<p>The Procedures come into force after adoption by the shareholders' meeting on April 15, 2000.</p> <p>The first amendment was made on June 21, 2002.</p> <p>The second amendment was made on March 7, 2003.</p> <p>The third amendment was made on June 16, 2009.</p> <p>The fourth amendment was made on June 18, 2010.</p> <p>The fifth amendment was made on June 13, 2012.</p> <p>The sixth amendment was made on June 17, 2013.</p> <p>The seventh amendment was made on June 24, 2014.</p> <p>The eighth amendment was made on May 27, 2016.</p>	<p>The Procedures come into force after adoption by the shareholders' meeting on April 15, 2000.</p> <p>The first amendment was made on June 21, 2002.</p> <p>The second amendment was made on March 7, 2003.</p> <p>The third amendment was made on June 16, 2009.</p> <p>The fourth amendment was made on June 18, 2010.</p> <p>The fifth amendment was made on June 13, 2012.</p> <p>The sixth amendment was made on June 17, 2013.</p> <p>The seventh amendment was made on June 24, 2014.</p> <p>The eighth amendment was made on May 27, 2016.</p> <p><u>The ninth amendment was made on May 26, 2017.</u></p>	<p>To add the amendment date.</p>

## Attachment XIII List of Director Candidates

### Taiflex Scientific Co., Ltd. List of Director Candidates

Type of Candidates	Name	Education	Work Experience	Name of the Government or Corporate Represented	Shareholding (Shares)
Director	Ching-Yi Chang	Ph.D. in Business Administration, Shanghai Jiao Tong University	<ul style="list-style-type: none"> <li>▪ Director of Taiflex Scientific Co., Ltd.</li> <li>▪ Founder/Chairperson of the CID Group</li> <li>▪ Executive Director of Taiwan Venture Capital Association</li> <li>▪ Chairperson of HuaHe Cultural &amp; Creative Management Consultant Corp.</li> <li>▪ Chairperson of HuaWei International Technologies Consultant Corp.</li> <li>▪ Chairperson of Global Vision Venture Capital Co., Ltd.</li> <li>▪ Chairperson of HuaWei Century Venture Capital Co., Ltd.</li> <li>▪ Supervisor of Quanta Storage Inc.</li> <li>▪ Corporate Director (Representative) of Huasheng International Investment Corp.</li> </ul>	None	4,599,282
Director	Ta-Wen Sun	B.S. Degree in Business Administration, Fu Jen Catholic University	<ul style="list-style-type: none"> <li>▪ Chairperson/President of Taiflex Scientific Co., Ltd.</li> <li>▪ Chairperson of Qiao Mei Development Corporation</li> <li>▪ Chairperson of Innatech Co., Ltd.</li> <li>▪ Chairperson of Yu Pen Investment Corp.</li> <li>▪ Chairperson of Kunshan Taiflex Electronic Material Co., Ltd.</li> <li>▪ Supervisor of BIONET Corp.</li> <li>▪ Independent Director of Advanced Ceramic X Corp.</li> <li>▪ Corporate Director (Representative) of San Far Property Limited</li> <li>▪ Executive Director of Puren Youth Care Foundation</li> <li>▪ Director General of Youth Career Development Association Headquarters, R.O.C.</li> </ul>	Qiao Mei Development Corporation	14,963,729
Director	Jun-Yan Jiang	EMBA, Entrepreneur Business Administration Class, National Chengchi University	<ul style="list-style-type: none"> <li>▪ Corporate Director (Representative) of Taiflex Scientific Co., Ltd.</li> <li>▪ Chairperson of Taiflex Scientific (Kunshan) Co., Ltd.</li> <li>▪ Director of Kunshan Taiflex Electronic Material Co., Ltd</li> <li>▪ Former President of Taiflex Scientific Co., Ltd.</li> </ul>	Qiao Mei Development Corporation	14,963,729
Director	Re-Zhang Lin	B.S. Degree in Accounting, Soochow University	<ul style="list-style-type: none"> <li>▪ Corporate Supervisor (Representative) of Taiflex Scientific Co., Ltd.</li> <li>▪ Chairperson of Taiwan Fu Hsing Industrial Co., Ltd.</li> <li>▪ Chairperson of Fortress Industrial Co., Ltd.</li> <li>▪ Chairperson of Tong Hsing Co., Ltd.</li> <li>▪ Chairperson of ARCTEK Industrial Co., Ltd.</li> <li>▪ Director of Fu Hsing Americas Inc.</li> <li>▪ Director of Fine Blanking &amp; Tool Co., Ltd.</li> <li>▪ Director of Launch Technologies Co., Ltd.</li> <li>▪ Supervisor of Advanced International Multitech Co. Ltd.</li> <li>▪ Director of Arctek (Shanghai) Co., Ltd.</li> <li>▪ Director of Allegion Fu Hsing Limited</li> <li>▪ Director of Allegion Fu Hsing Holdings., Ltd.</li> </ul>	Fuding Investment Co., Ltd.	1,020,000

**Taiflex Scientific Co., Ltd.**  
**List of Director Candidates (Continued)**

<b>Type of Candidates</b>	<b>Name</b>	<b>Education</b>	<b>Work Experience</b>	<b>Name of the Government or Corporate Represented</b>	<b>Shareholding (Shares)</b>
Director	Chun-Chi, Lin	EMBA, College of Management, National Taiwan University	<ul style="list-style-type: none"> <li>▪ Independent Director of Favite Inc.</li> <li>▪ Independent Director of Yield Microelectronics Corporation</li> <li>▪ Director/President of TEN Incubator Management Co., Ltd.</li> <li>▪ Director of Capital TEN Inc.</li> <li>▪ Director of Tze Chiang Foundation of Science and Technology</li> <li>▪ Former President of KANTO-PPC Inc.</li> <li>▪ Former Executive Vice President of Global Unichip Corporation</li> <li>▪ Former CEO of Xintec Inc.</li> <li>▪ Former CEO/President of VisEra Technologies Co., Ltd.</li> </ul>	None	0
Director	Fu-Le Lin	Ph.D. in Polymer Science, University of Akron	<ul style="list-style-type: none"> <li>▪ Director/Senior R&amp;D Director of Taiflex Scientific Co., Ltd.</li> <li>▪ Chairperson of Koatech Technology Corporation</li> </ul>	None	370,249
Independent Director	Chein-Ming, Hsu	Electrical Engineering, Chung Yuan Christian University	<ul style="list-style-type: none"> <li>▪ Former CEO of 3M Thailand Limited</li> </ul>	None	0
Independent Director	Wen-I Lo	M.S. Degree in Business Administration, National ChengChi University	<ul style="list-style-type: none"> <li>▪ Chairperson of FengYi Capital Management Co., Ltd.</li> <li>▪ Independent Director of Allied Biotech Corporation</li> <li>▪ Independent Director of BASO Precision Optics, Ltd.</li> <li>▪ Supervisor of REC Technology Corporation</li> <li>▪ Former Vice President of CDIB Capital Management Corporation</li> <li>▪ Former President of China Venture Management, Inc.</li> <li>▪ Former President of R.O.C. Strategic Company Ltd.</li> <li>▪ Former President of R.O.C. Venture Co., Ltd.</li> </ul>	None	0
Independent Director	Shi-Chern Yen	Ph.D. in Chemical Engineering, University of Wisconsin	<ul style="list-style-type: none"> <li>▪ Professor of Chemical Engineering, National Taiwan University</li> <li>▪ Independent Director of LandMark Optoelectronics Corporation</li> <li>▪ Independent Director of Shin Foong Specialty and Applied Materials Co., Ltd.</li> <li>▪ Independent Director of Subtron Technology Co., Ltd.</li> </ul>	None	0

## Attachment XIV Concurrent Positions Held by Director Candidates

### Taiflex Scientific Co., Ltd. Concurrent Positions Held by Director Candidates

<b>Title</b>	<b>Name</b>	<b>Name of Other Companies</b>	<b>Concurrent Position Held</b>
Representative of Corporate Director	Qiao Mei Development Corporation Representative: Ta-Wen Sun	Advanced Ceramic X Corp.	Independent Director
Director	Fu-Le Lin	Koatech Technology Corporation	Director and Chairperson
Director	Chun-Chi, Lin	Favite Inc. Yield Microelectronics Corporation	Independent Director Independent Director
Independent Director	Wen-I Lo	REC Technology Corporation	Supervisor
Independent Director	Shi-Chern Yen	LandMark Optoelectronics Corporation Subtron Technology Co., Ltd.	Independent Director Independent Director